BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 98-328-W/S

APPLICATION OF KIAWAH ISLAND UTILITY, INC. FOR APPROVAL OF AN INCREASE IN ITS RATES AND CHARGES FOR WATER AND SEWER SERVICES.

In accord with S.C. Code Sections 58-5-210 et seq., R. 103-512.4, R. 103-712.4, and R. 103-834, the Applicant, Kiawah Island Utility, Inc. (the "Utility"), requests adjustment of its rates and charges for water and sewer services, and submits the following information and Exhibits in support of its application.

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OVERVIEW

I. THE UTILITY

The Utility was established in 1976 to provide water and sewer services to customers on Kiawah Island. At that time this large ten-mile-long sea island was in its initial stages of development. It had a handful of beach cottages and no water or sewer service.

Since then, Kiawah Island has been progressively developed into a world class resort residential community. It has five golf courses and a variety of other recreational amenities. The construction and subdivision on the island started on its western end (where the bridge is located), and moved down the length of the island. This development now spans from the ocean side across the width of the island to the tidal creeks, marshes, and river on the northern side. The Utility has concurrently expanded its plant, facilities, and other infrastructure to accommodate this enormous development. Today the Utility has grown to 2691 residential customers.

Despite the rapid growth of the community of Kiawah Island, the Utility has provided the highest quality water and sewer services to all its customers. To accomplish this, the Utility has been vigilant in expanding and upgrading its plant and system. Over the last decade, the Utility has funded these improvements primarily with loans from its commercial lender, NationsBank.

The supply of potable water to Kiawah Island is limited. All of the Utility's potable water is furnished by St. Johns Water Company ("St. Johns") through water lines that run from the Charleston Commissioners of Public Works ("CPW") across John's Island to a

"delivery point" near Kiawah Island. The Utility has a main transmission line extending from the delivery point onto the island.

Currently the Utility has a contractual allocation from St. Johns of 3.6 million gallons per day. In recent years the Utility has experienced increasingly high demands on this water supply by those customers who consume tremendous quantities for irrigation and other discretionary uses such as swimming pools. The Utility needs its full daily water allocation from St. Johns for extended periods in the spring, summer, and fall.

The Utility has taken pride through the years in striving to provide excellent service to its ever-increasing number of customers. For example, the Utility has been a leader in compliance in the monitoring for lead and copper required by the Environmental Protection Agency; the Utility was one of the first utilities in the state to qualify for "ultra-reduced" monitoring, based on its prior exceptional compliance. The South Carolina Department of Health and Environmental Control ("DHEC") has always found the Utility's water and sewer facilities to be in strict compliance with its exhaustive regulations. In its more than 20 years of operation, the Utility has never received an unfavorable report from DHEC. Three of the Utility's employees have received the highest certification from South Carolina State Board of Environmental Certification for water and waste water treatment (Exh. H). There have been very few customer complaints about the Utility; when one has been received, the Utility has been immediately responsive (Exh. I). The Utility has furnished this superior service while at the same time "holding the bottom line," keeping its residential rates and charges lower than most other utilities in the region (Exh. J).

II. LAST RATE APPLICATION

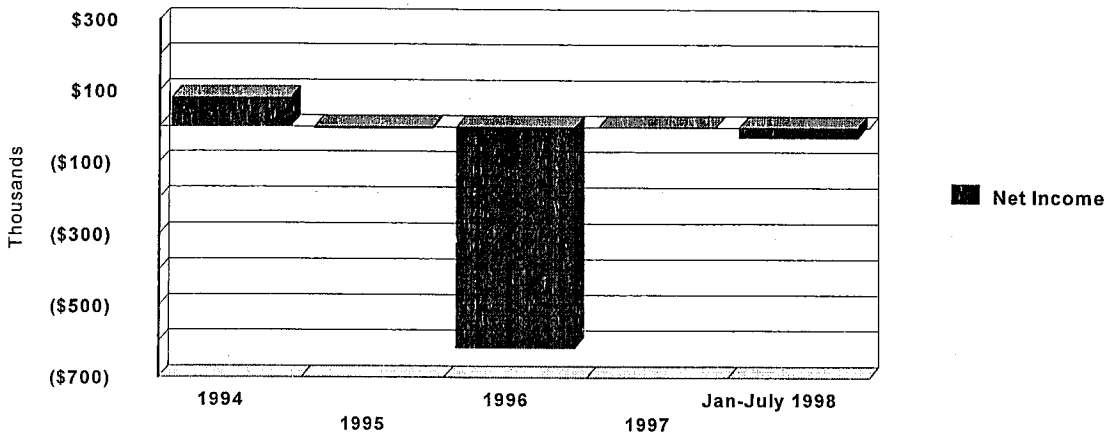
The Utility's last rate adjustment was approved by the Commission on January 8, 1997 (Docket No. 96-168-W/S-Orders Nos. 97-4 and 97-151). This prior application was contested before the Commission by the Consumer Advocate and the Kiawah Island Property Owners Group ("KPOG"), a group of residential property owners. Only KPOG appealed the Commission's decision to the circuit court, which sustained this Commission's Orders without exception. KPOG has appealed the circuit court's ruling to the Supreme Court of South Carolina where the matter is now pending.

The primary basis for KPOG's opposition to the previous rate application (as well as others in the past) is its contention that the Utility is not entitled to the same treatment as other privately owned water and sewer utilities because its owner is the principal residential developer on Kiawah Island, Kiawah Resort Associates, L.P. ("KRA"). The Utility submits that the Commission has ruled correctly and fairly in the Utility's prior rate applications by determining them based on the facts as well as an objective analysis of any transactions between the Utility and its parent.

III. RECENT UTILITY FINANCIAL PERFORMANCE

The Utility is not profitable under the rates and charges now in effect. Although the Utility's audited financial statements show that in 1994 it had net income of $80,663, the Utility has operated at an overall loss since then. In 1995 it had a net loss of ($4,702), in 1996 a significant net loss of ($617,892), and in 1997 negligible net income of $1,298. As for 1998, the Utility's unaudited financial results through July of this year indicate a net loss of ($28,148). See, Statements of Income and Accumulated Deficit, Exhs. A-1 and A-2.

The following graph illustrates the Utility's net income/loss over the previous four years and as preliminarily determined for the first seven months of 1998:



IV. INCREASES IN THE COST OF PURCHASED WATER

The Utility's largest single expense is for the potable water purchased from St. Johns Water Company. St. Johns' source of water is CPW which treats and transmits water to it. CPW increases its wholesale water rates almost every year. These increases are immediately passed through by St. Johns to the Utility. The most recent rate increases include a 5.1% increase effective December 1, 1997, and a 4.9% increase approved for December 1, 1998 (See Letter dated July 16, 1998, copy attached to Exh. K). Additionally, CPW is in the process of approving a series of rate increases for the next three years.

For 1997, the cost of purchased water was $1.1 million, or about one-third of total operating expenses. The December 1, 1997, and December 1, 1998, increases for potable water will increase Utility expenses by about $110,000. The Utility has no control over these rate increases by governmental entities nor over the increasing volume of

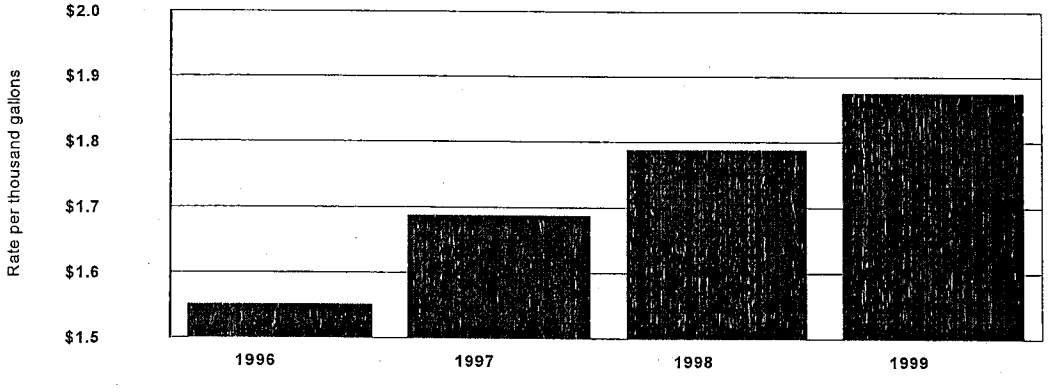
potable water consumed by the Utility's customers. These two factors combine to produce an enormous expense that, along with other required expenditures, necessitates this rate application.

The Utility also pays a pro-rata share of St. Johns' operation and maintenance charges. Since the last rate application, this monthly charge has increased 43.7% from $4,651 to $6,682. During 1998 alone, this monthly charge has increased from $5,887 to $6,682, an increase of 13.5%.

In addition, the Utility must pay for capital cost, improvements, and maintenance of the 45 miles of transmission lines and related delivery facilities of St. Johns Water Company on Johns Island. This cost is based on the Utility's percentage usage of the total potable water available at the delivery point. The Utility's share is currently 60%.

1995 was the test year for the last rate application. Since then, the Utility's cost for potable water from St. Johns' has increased **20.2%**. The Commission's last adjustment in the rates and charges of the Utility did not take into account this significant cost increase.

The following graph tracks the steadily increasing cost of purchased water from 1996 through 1999:



V. INFLATION

The Utility's general expenses increase with inflation; however, revenues do not. In 1996 and 1997 inflation as calculated by the federal consumer price index for smaller southern cities was 3.6% and 1.7%, respectively, for a total increase of 5.3%.

VI. CAPITAL IMPROVEMENTS

The Utility completed several capital improvements in 1996, many of which were required by a contract with the Town of Kiawah Island and a related Town ordinance (See Exhs. L and M):

- Down Island Storage Facility/Pumps
- Water Transmission Lines/Sewage Pump Stations
- Maybank Booster Station
- Water Plant Pumping Upgrade

These improvements have resulted in increases in interest paid on the Utility's outstanding loan. Total interest expense has increased from $389,000 in 1995 to $597,000 in 1997. Plus, depreciation expense has increased from $326,000 in 1995 to $389,000 in 1997.

VII. THE FINANCIAL ANALYSIS USED FOR THIS RATE APPLICATION

The financial analysis that the Utility has employed in this rate application focuses on the actual costs that it incurs, and has incurred, for each type of service for each class of customers: water (residential, commercial, irrigation, and hotel), sewer (residential, commercial, and hotel), golf potable, golf well, and golf effluent. The Utility has compared these costs with the revenues generated by each of these categories of users.

The Utility's water rate structure has historically consisted of a monthly basic facilities charge plus a variable consumption charge per thousand gallons of water. In previous rate applications, proposed rates have been determined by applying a percentage increase to current rates. The percentage was determined based on several factors, including a fair operating margin.

For this rate application, a more rigorous and exacting approach was undertaken to calculate the Utility's cost of service for each class of customers. The Utility conducted a fixed versus variable cost analysis. This study matched the Utility's expenses with the rates charged to customers (Exh. D-4). This approach is suggested in Cost Accounting textbooks and also in the American Water Works Association Water Rates publication. American Water Works Association Manual of Water Supply Practices Water Rates (1991).

Cost accounting principles segregate costs into fixed and variable components. Fixed costs do not vary with the amount of water or sewer service used. Of course, variable costs directly change with the volume of water or sewer service used. Fixed costs include interest expense, property taxes, salaries, insurance, etc. Variable costs include the cost of purchased water, fuel/electricity, and repairs/maintenance.

Once the fixed and variable costs had been determined, the Utility then allocated these by line of business:

WATER:	**SEWER:**	**GOLF:**
• Residential	• Residential	• Potable water
• Commercial	• Commercial	• Well water
• Irrigation (non-golf)	• Hotel	• Effluent
• Hotel		

When a given cost was applicable to all users and could not be directly isolated into one of these lines of business, it was prorated by the book value of the Utility's assets attributable to the line of business. For example, insurance was prorated based on the proportionate book value of water assets to total assets, to assign insurance costs to the water line of business; this cost was allocated to sewer and golf using the same method.

Finally, the proposed rates were computed directly from these costs. The monthly **basic facilities charge** is equal to the fixed costs divided by the number of customers. The **variable consumption charge** is equal to the variable costs divided by the number of gallons consumed during the test year. **Margins** were added to produce a reasonable operating margin.

A rate and charge adjustment based on this cost analysis results in higher water rates, lower sewer rates, significantly higher basic facilities charge for golf, and lower variable consumption charge for well and effluent water for golf. Overall, the change in rates and charges based on this analysis results in fair and equitable rates for each class of customer, since the rates and charges for each class are indexed to the Utility's costs for that class.

VIII. TIERED RATES FOR HIGH VOLUME WATER USERS

The second major component of the Utility's rate application is an increase in water consumption charges for the large-quantity consumers. Potable water demands on Kiawah Island at times exceed the available daily allowance under the Utility's contract with St. Johns. From 1995 to 1997, the Utility increased its purchased water from 592.7 million gallons to 663.7 million gallons, an increase of 12.0%. At least two-thirds of the potable water supplied by the Utility is used for commercial, residential, and golf course irrigation.

Larger and larger houses are being built on Kiawah, with higher water needs for both domestic use and extensive landscaping.

Because the Utility's daily supply of potable water is restricted and being stressed much of the year, the Utility has asked for a consumption rate increase for those customers who use the greatest quantities of this limited source of potable water. Thus, the proposed rates include fair excess consumption charges, to encourage conservation and to ensure that significant water users pay for their increased demands on the water system.

For residential customers, the excess consumption charge that is requested applies after 11,000 gallons of water are used in one month. Eleven thousand gallons is the average domestic usage for Kiawah Island residential customers. This threshold is higher than the regional norm of 7,000 to 8,000 gallons per day (Exh. N). The Utility proposes another excess consumption charge for residential customers after 50,000 gallons are used in one month. For irrigation customers, the excess consumption charge is applied after 50,000 gallons are used in one month.

IX. THE ANALYSIS UNDERLYING THE PROPOSED INCREASE IN RATES AND CHARGES TAKES INTO ACCOUNT THE CRITERIA THAT THIS COMMISSION HAS ENDORSED

In seeking rates and charges for each class of customer that directly relate to the allocated costs for that category of customer, and in seeking increases in consumption charges that encourage conservation for those who consume well beyond the normal household, the Utility has applied the criteria advanced by this Commission in the Utility's last rate application. In ruling on the Utility's 1996 request, the Commission described the same approaches to setting rates that the Utility has used in this application:

> The three fundamental criteria of a sound rate structure have been characterized as follows:
>
> > ... (a) the revenue-requirement or financial-need objective, which takes the form of a fair-return standard with respect to private utility companies; (b) the fair-cost apportionment objective which invokes the principle that the burden of meeting total revenue requirements must be distributed fairly among the beneficiaries of the service; and (c) the optimum-use or consumer rationing under which the rates are designed to discourage the wasteful use of public utility services while promoting all use that is economically justified in view of the relationships between costs incurred and benefits received.
>
> Order No. 97-4 at p. 28, quoting from Bonbright, Principles of Public Utility Rates, (1961), p. 292.

X. THE SPECIFIC RATES AND CHARGES REQUESTED

The specific monetary adjustments to the Utility's rates and charges that the Utility requests are set forth in Exh. C. The largest proportionate increase affects golf courses. The proposed increases have the least effect on residential customers who consume 11,000 gallons or less of potable water per month.

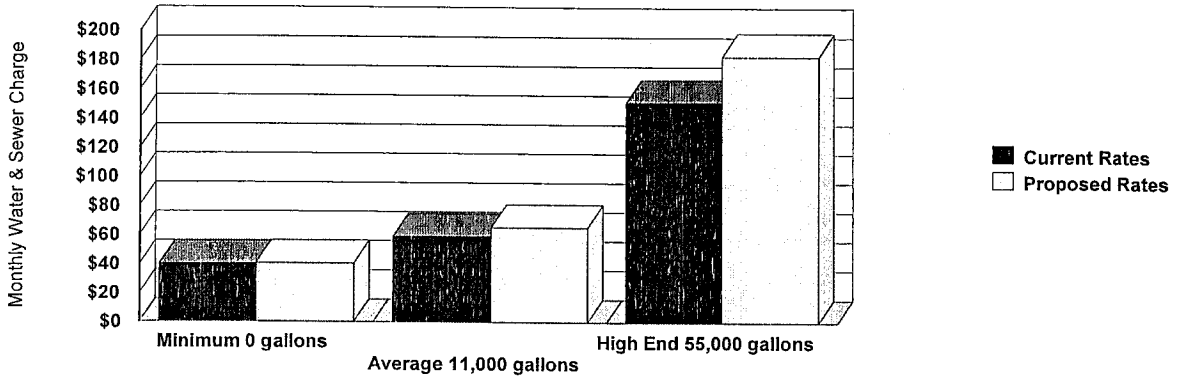
The Utility has requested an increase in existing charges for fire hydrant service and delinquent payment notification. The Utility is also seeking new charges for individual fire line service, back flow monitoring, deposits for contractor use of fire hydrants, and returned checks (Exh. C-1).

Because more than half of the Utility's assets would not be includable in the Utility's rate base since they were contributed by the developer and the property owners, the Commission and the Utility employ the operating margin method to determine rate adjustments rather than assessing the Utility's return on rate base. Accordingly, the Utility

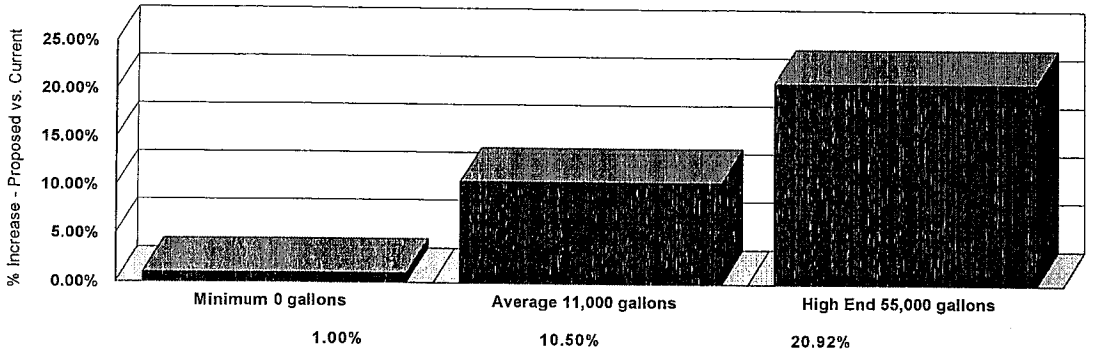
requests that this Commission again consider the rates proposed using an operating margin approach that allows the Utility fair and reasonable rates that generate sufficient revenues to cover expenses, to establish the Utility's strong financial viability, and to provide a return to the owner.

XI. EFFECT OF PROPOSED RATE INCREASE ON RESIDENTIAL CUSTOMER BILLS

The following graph shows the impact of the proposed rate adjustment on the monthly water and sewer bills for three classes of residential customers: the minimum customer that uses no water, the average customer that uses 11,000 gallons per month, and the high end customer that uses 55,000 gallons per month.



The next graph shows the percentage increase for the same classes of customers. Note that the percentages are higher for customers that use more water.



SUBMITTALS IN SUPPORT OF THE APPLICATION THAT ARE REQUIRED BY APPLICABLE REGULATIONS

I. A STATEMENT OF REASON JUSTIFYING NEED FOR THE PROPOSED RATE ADJUSTMENT

A utility company that is losing significant sums of money cannot continue to provide the same high service level to its customers or fund essential maintenance and improvements. This principle has acute application to Kiawah Island Utility, Inc. It has provided top grade services and facilities over the years. Its customers, understandably, expect and demand this. A reasonable and fair return is essential to meeting these goals.

As demonstrated in the first portion of this application, the Utility has suffered a significant and continuing escalation in costs over which it has no control. On average, the Utility has had an annual net loss over the past few years. The slight increase in rates granted by the Commission in early 1997 helped, yet it did not, and could not, generate the necessary income. Adding to this problem are recent sizeable increases in potable water demands that often tax the Utility's water supply. Current Utility rates discourage conservation.

In short, the proposed rate increase is essential if the Utility is to continue to provide high quality services to its customers, assure financial soundness of the Utility for its bank credit, and produce a fair return for its investor.

A paramount concern of the Utility is demonstrating reasonable profitability to NationsBank to facilitate an extension of the term of the existing loan and access credit for planned improvements. In prior years the Utility made arrangements for capital improvement loans up to $7.699 million from NationsBank. Currently, the Utility pays NationsBank about $530,000 in annual interest and about $92,000 in annual principal. The Utility's loan matures on July 9, 1999. The Utility has an option to extend the loan maturity date by two years, **provided** profitability can be proven to be sufficient.

Up to now, the Utility has not allowed its negative financial position to compromise the quality of water and sewer services delivered. While the Utility has no intent to allow these services to diminish in quality, however, it must receive adequate revenues to fulfill its ongoing responsibility to its customers of today and tomorrow.

II. MOST CURRENT AVAILABLE INCOME AND EXPENSE STATEMENT FOR THE PRECEDING TWELVE MONTHS

See attached Exh. A-1 -- Statement of Income and Accumulated Deficit – Year Ended December 31, 1997, and 1996.

III. PROPOSED RATE SCHEDULE AND CURRENT RATE SCHEDULE

See attached Exh. C -- Proposed Schedule of Rates and Charges.

See attached Exh. B -- Current Schedule of Rates and Changes.

IV. TEST YEAR PROPOSED TO BE USED

The Utility proposes to use 1997 as the test year.

V. PRO FORMA INCOME AND EXPENSE STATEMENT USING PROPOSED RATES APPLIED TO PROPOSED TEST YEAR

See Exh. D -- Pro Forma Income Statement Using Current and Proposed Rates.

VI. BALANCE SHEET

See Exh. A-3 -- Balance Sheet – Year Ended December 31, 1997, and 1996.

VII. DEPRECIATION SCHEDULE BY CATEGORIES OF PLANT OR AVERAGE SERVICE LIVES

See Exh. E -- Depreciation Schedule.

VIII. NUMBER OF PRESENT AND EXPECTED CUSTOMERS IN THE FOLLOWING TWELVE MONTHS

See Exh. R -- Number of Present and Expected Customers.

IX. COST JUSTIFICATION FOR PROPOSED RATES AND CHARGES, INCLUDING TAP FEES; WITH ATTACHED SCHEDULES DEPICTING LABOR COSTS, MATERIAL COSTS, AND MISCELLANEOUS COSTS

Refer to introductory discussion and Item (I) relating to the reasons justifying the proposed increase. As to the specific cost justifications for the proposed adjustments, see Exh. D (Pro Forma Income Statement Using Current and Proposed Rates), Exh. C-1 (Explanation and Justification for New Charges), and Exh. B-1 (Tap Fee Cost Justification).

X. FILING OR UPDATING PERFORMANCE BOND IN ACCORDANCE WITH 103-712.3

The Utility presently has Performance Bonds for water and sewer in the amount of $50,000 each on file with the Commission.

XI. CURRENT OR UPDATED SERVICE AREA MAP

The current service area map is on file with the Public Service Commission.

XII. STATEMENT OF TOTAL PLANT INVESTMENT BY CATEGORIES

See Exh. E (Depreciation Schedule).

XIII. MOST RECENT LETTER FROM THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL, DATED NOT MORE THAN SIX (6) MONTHS PRIOR TO THE DATE OF THE APPLICATION

See Exh. G, copy of letter of approval from DHEC dated July 8, 1998.

XIV. CUSTOMER BILL FORM

See Exh. F (Customer Bill Form).

XV. ANY OTHER PERTINENT OR RELEVANT INFORMATION DETERMINED NECESSARY BY THE COMMISSION

The following is the additional information required by R.103-834 that is not covered by the above responses to R.103-512.4 and R 103-712.4:

The Utility bills on a monthly basis, in arrears.

The Utility is a corporation existing and doing business under the laws of the State of South Carolina, with mailing address 31 Sora Rail Road, Johns Island, SC 29455.

All pleadings, correspondence and other communications related to this Application should be addressed to the Applicant's attorney, G. Trenholm Walker, Pratt-Thomas, Pearce, Epting & Walker, P. A., P. O. Drawer 22247, Charleston, SC 29413-2247, Telephone No. (843) 727-2208, Facsimile No. (843) 727-2231.

Attached as Exhs. D and D-1 are the Utility's return on rate base. Because the Commission has employed an operating margin method in considering the Utility's application for rate purposes, the Utility has not calculated the return on common equity. The operating margin proposed is reflected on Exhs. D and D-1.

The undersigned, being the attorney for the Applicant, believes that the information filed with this Application, together with the information on file with this Commission, meets the requirements of R.103-512.4, R.103-712.4, and R.103-834 of the Rules and Regulations of the Public Service Commission. If further information is desired or the Commission believes that this Application is deficient in any manner, please advise the undersigned immediately.

Respectfully submitted,

BY _____

G. Trenholm Walker
PRATT-THOMAS, PEARCE,
EPTING & WALKER, P.A.
P.O. Drawer 22247
Charleston, SC 29413-2247
(843) 727-2200
ATTORNEYS FOR
KIAWAH ISLAND UTILITY, INC.

September 30, 1998

Charleston, South Carolina

INDEX TO Exibits

INDEX TO EXHIBITS

G DHEC Letter of Approval

H Employee Qualifications

I Customer Comments - 1997

J Table Comparing Average Monthly Residential Water and Sewer Bill

K Letter from CPW

L Ordinance No. 95-9 of Town of Kiawah Island

M Town Contract for Improvements and Order No. 97-683 from PSC

N Letter from Cuzzell (9/8/98)

O Letter of 9/23/98 from Thomas & Hutton (repair and maintenance costs)

P Sample KRA Contract for Lot Sale

Q Letter of 9/9/98 from Thomas & Hutton (depreciation allocation)

R Number of Present and Expected Customers

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STATEMENTS OF INCOME AND ACCUMULATED DEFICIT

KIAWAH ISLAND UTILITY, INC.

	Year Ended December 31, 1997	1996
Operating revenue		
Water	$ 2,316,699	$ 2,014,105
Sewer	908,645	836,020
Other	52,695	48,206
	3,278,039	2,898,331
Operating expenses		
Purchased water	1,120,090	1,071,092
Interest expense	596,856	500,479
Salaries and benefits	455,674	427,844
Depreciation and amortization	388,625	357,950
Rental--Note J	90,129	86,854
Property taxes	116,214	111,523
Management fee	100,000	100,000
Fuel and electricity	127,204	130,335
Repairs and maintenance	64,007	363,048
Other operating expenses	217,942	367,098
	3,276,741	3,516,223
INCOME (LOSS) BEFORE INCOME TAXES	1,298	(617,892)
Provision for income taxes--Note G	--	--
NET INCOME (LOSS)	1,298	(617,892)
Accumulated deficit at beginning of year	(2,635,655)	(2,017,763)
ACCUMULATED DEFICIT AT END OF YEAR	$(2,634,357)	$(2,635,655)

RELATED PARTY TRANSACTIONS--Note I

See notes to financial statements.

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STATEMENTS OF INCOME AND ACCUMULATED DEFICIT

KIAWAH ISLAND UTILITY, INC.

	Year Ended December 31, 1995	1994
Operating revenue		
Water	$ 1,933,358	$ 1,611,684
Sewer	821,977	796,668
Other	61,154	55,388
Recovery of bad debt	—	2,100
	2,816,489	2,465,840
Operating expenses		
Purchased water	924,403	707,668
Interest expense	388,610	358,130
Salaries and benefits	369,176	315,217
Depreciation and amortization	326,294	314,476
Property taxes	109,025	98,261
Management fee	100,000	100,000
Fuel and electricity	109,189	104,654
Repairs and maintenance	112,878	76,400
Other operating expenses	369,616	270,871
	2,809,191	2,345,677
INCOME BEFORE INCOME TAXES	7,298	120,163
Provision for income taxes--Note H	12,000	39,500
NET (LOSS) INCOME	(4,702)	80,663
Accumulated deficit at beginning of year	(2,013,061)	(2,093,724)
ACCUMULATED DEFICIT AT END OF YEAR	$(2,017,763)	$(2,013,061)

See notes to financial statements.

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BALANCE SHEETS

KIAWAH ISLAND UTILITY, INC.

	December 31, 1997	1996
ASSETS		
UTILITY PLANT--Note F		
Water	$ 7,157,588	$ 7,056,404
Sewer	6,020,978	6,078,898
	13,178,566	13,135,302
Less accumulated depreciation	2,875,605	2,548,403
	10,302,961	10,586,899
CURRENT ASSETS		
Cash	465,092	567,516
Accounts receivable--net of allowance of $3,500 both years	296,010	231,241
Prepaid expenses	22,345	20,070
	783,447	818,827
OTHER ASSETS AND INVESTMENTS		
Restricted cash--Note B	100,000	100,000
Deferred charges--Note C	1,448,173	1,401,376
Accumulated deferred income tax--Note G	19,624	51,757
	1,567,797	1,553,133
	$ 12,654,205	$12,958,859
CAPITALIZATION		
STOCKHOLDER'S INVESTMENT		
Common stock--$1 par value,		
1,000,000 shares issued and outstanding	$ 1,000,000	$ 1,000,000
Additional paid-in capital	6,538,143	6,538,143
Accumulated deficit	(2,634,357)	(2,635,655)
	4,903,786	4,902,488
CURRENT LIABILITIES		
Accounts payable--Note D	113,063	290,865
Accrued expenses--Note E	182,573	165,080
Current maturities of long-term debt--Note F	196,667	161,041
	492,303	616,986
NONCURRENT LIABILITIES		
Long-term debt, less current maturities--Note F	7,238,492	7,387,628
Regulatory liability--Note G	19,624	51,757
	7,258,116	7,439,385
	$ 12,654,205	$12,958,859
CONTINGENCIES--Note H		
COMMITMENTS--Note J		

See notes to financial statements.

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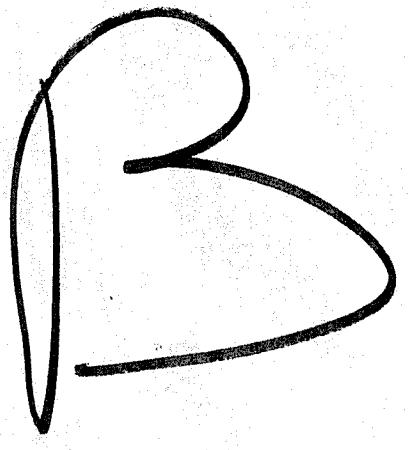
BALANCE SHEETS

KIAWAH ISLAND UTILITY, INC.

	December 31, 1995	1994
ASSETS		
UTILITY PLANT--Note G		
Water	$ 5,080,338	$ 5,009,232
Sewer	5,708,524	4,516,873
	10,788,862	9,526,105
Less accumulated depreciation	2,240,499	1,987,129
	8,548,363	7,538,976
CURRENT ASSETS		
Cash	769,331	727,860
Accounts receivable--net of allowance of $3,500 both years	215,544	181,934
Prepaid expenses	10,450	20,582
	995,325	930,376
OTHER ASSETS AND INVESTMENTS		
Restricted cash--Note B	100,000	100,000
Deferred charges--Note C	1,571,438	1,149,093
Accumulated deferred income tax--Note H	41,629	65,813
Due from parent--Note D	-	350,000
	1,713,067	1,664,906
	$ 11,256,755	$10,134,258
CAPITALIZATION		
STOCKHOLDER'S INVESTMENT		
Common stock--$1 par value, 1,000,000 shares issued and outstanding	$ 1,000,000	$ 1,000,000
Additional paid-in capital	6,538,143	6,538,143
Accumulated deficit	(2,017,763)	(2,013,061)
	5,520,380	5,525,082
CURRENT LIABILITIES		
Accounts payable--Note E	252,264	108,883
Accrued expenses--Note F	137,179	47,139
Income taxes payable	12,000	39,500
Current maturities of long-term debt--Note G	95,185	36,803
	496,628	232,325
NONCURRENT LIABILITIES		
Long-term debt, less current maturities--Note G	5,198,118	4,311,038
Regulatory liability--Note H	41,629	65,813
	5,239,747	4,376,851
	$ 11,256,755	$10,134,258

CONTINGENCY--Note I
COMMITMENT--Note L
See notes to financial statements.



KIAWAH ISLAND UTILITY, INC.
31 SORA RAIL ROAD
KIAWAH ISLAND, SC 29455
(843) 768-0641

FILED PURSUANT TO DOCKET NO. 96-168-W/S- ORDER NO. 97-4
EFFECTIVE DATE: JANUARY 8, 1997

CURRENT SCHEDULE OF RATES AND CHARGES

RATE SCHEDULE NO. 1 RESIDENTIAL SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable to any residential customer for any purpose.

Water Service Charges

A. Minimum Bill 0-2000 Gal/mo.

5/8" meter	$ 18.00/mo.
3/4" meter	$ 30.00/mo.
1" meter	$ 50.00/mo.
1 1/2" meter	$100.00/mo.
2" meter	$160.00/mo.
3" meter	$350.00/mo.

Minimum Water Service Charge for meters larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity } (gpm) \times \$18.00 \text{ per mo.}}{20 \text{ gpm}}$$

B. Consumption Charge — 2.10/1000 gal.
All over 2000 gals./mo.

Sewer Service Charges

A flat rate of $22.00/mo.

Tap-in Fees

Water tap-in fee	$500.00
Sewer tap-in fee	$500.00

The tap-in fee provides for installation of the normal size residential meter of 5/8" by 3/4". Where the customer requests a larger meter, Company will apply the tap-in fee schedule for larger meters as listed in the Commercial Service Schedule No. 2.

RATE SCHEDULE NO. 2 COMMERCIAL SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Available to any Commercial or Master Metered Residential Customer for any purpose except Hotel or Motel use (see Rate Schedule No. 3).

Water Service Charges

A. Basic Facilities Charge

5/8" meter	$ 18.00/mo.
3/4" meter	$ 30.00/mo.
1" meter	$ 50.00/mo.
1 1/2" meter	$100.00/mo.
2" meter	$160.00/mo.
3" meter	$350.00/mo.

Basic Facilities Charge for water service with meters larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)}}{20 \text{ gpm}} \times \$18.00 \text{ per mo.}$$

B. Consumption Charge $2.10/1,000 gal. for all consumption

Sewer Service Charges

A. Basic Facilities Charge

5/8" meter	$ 18.00/mo.
3/4" meter	$ 27.75/mo.
1" meter	$ 46.25/mo.
1 1/2" meter	$ 92.50/mo.
2" meter	$148.00/mo.
3" meter	$323.75/mo

Basic Facilities Charge for sewer service where water service is through meters larger than 3" in size shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)}}{20 \text{ gpm}} \times \$18.00 \text{ per mo.}$$

B. Consumption Charge $1.80/1,000 gal. for all consumption

Tap-in Fees

		Water Tap-in Fee	Sewer Tap-in Fee
5/8"	meter	$ 500.00	$ 500.00
3/4"	meter	$ 750.00	$ 750.00
1"	meter	$1,250.00	$1,250.00
1 1/2"	meter	$2,500.00	$2,500.00
2"	meter	$4,000.00	$4,000.00
3"	meter	$8,750.00	$8,750.00

Water Tap-in Fee and Sewer Tap-in Fee for water and sewer service where the water meter is larger than 3" in size shall be:

Maximum recommended meter capacity (gpm) X $500.00
20 gpm

RATE SCHEDULE NO. 3 HOTEL AND MOTEL SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable to all hotel and motel customers for any purpose.

Water Service Charges

Basic Facilities Charge	$8.00/mo/room
All consumption	$2.10/1000 gal

Sewer Service Charges

Basic Facilities Charge	$7.50/mo/room
All consumption	$1.80/1000 gal

Tap-in Fees

Water Tap-in Fee	$220/room
Sewer Tap-in Fee	$220/room

RATE SCHEDULE NO. 4 IRRIGATION SERVICE

AVAILABILITY -- Available within the Company's service area. The Company reserves the right to limit or reduce the amount of irrigation service available when, in its sole judgment, its water system conditions require such restrictions.

APPLICABILITY -- Applicable only to customers who anticipate substantial potable water use which will not be returned to the company's wastewater treatment system such as irrigation. Such water consumption shall be metered separately from any water use supplied under other rate schedules.

Water Service Charges

A. Basic Facilities Charge

5/8" meter	$ 18.00/mo.
3/4" meter	$ 30.00/mo.
1" meter	$ 50.00/mo.
1 1/2" meter	$100.00/mo.
2" meter	$160.00/mo.
3" meter	$350.00/mo.

Basic Facilities Charge for water service with meters larger than 3" shall be:

Maximum recommended meter capacity (gpm) X $18.00 per mo.
20 gpm

B. Consumption Charge $2.40/1000 gal. for all consumption

Tap-in Fees

5/8"	meter	$ 500.00
3/4"	meter	$ 750.00
1"	meter	$1,250.00
1 1/2"	meter	$2,500.00
2"	meter	$4,000.00
3"	meter	$8,750.00

Water Tap-in Fee where the water meter is larger than 3" in size shall be:

$$\frac{\text{Maximum recommended meter capacity(gpm) X \$500.00}}{\text{20 gpm}}$$

RATE SCHEDULE NO. 5 FIRE HYDRANT SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable to fire hydrants connected to Company water mains.

Water Service Charges

$75.00 per hydrant per year payable semiannually in advance for fire fighting service. When temporary water service from a hydrant is requested by a contractor or others a meter will be installed and the charge will be:

$8.00 for each day of use PLUS $2.40/1000 gals. for ALL water used.

RATE SCHEDULE NO. 6 GOLF COURSE IRRIGATION

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable for golf course irrigation where the customer agrees to take as a minimum quantity the treated effluent from the wastewater treatment plant.

Water Service Charges

A. Effluent water will be billed at the rate of:

Basic Facilities Charge	$164.00/mo.
Consumption	$.40/1000 gal.

B. The deep well water will be billed at the rate of:

Basic Facilities Charge	$164.00/mo.
Consumption	$1.10/1000 gal.

C. Potable water will be billed at the rate of:

Basic Facilities Charge	$164.00/mo.
Consumption	$2.40/1000 gal.

CHARGES FOR SERVICE DISCONTINUANCE, RECONNECTION AND OTHER MISCELLANEOUS SERVICE CHARGES

1. When a customer requests temporary discontinuance of service for the apparent purpose of eliminating the minimum bill, during such cut-off period the Company may make a charge equivalent to a three months minimum bill for both water and sewer service and require payment of such charge before service is restored.

2. Temporary discontinuance of service for such purposes as maintenance or construction will be made and the Company may charge the customer the actual cost plus 25%.

3. Whenever service is disconnected for violation of rules and regulations, nonpayment of bills or fraudulent use of service, the Company may make a charge of $25.00 for water and $100.00 for sewer before service is restored.

4. Whenever service has been disconnected for reasons other than set forth in (3) above, and the Company is required to reconnect service to a unit that has had the service disconnected, the Company shall have the right to charge a $25.00 reconnection fee for restoration of service after 4:30 p.m. Monday through Friday or Saturday and Sunday.

5. Delinquent Notification Fee - $5.00. A fee of $5.00 shall be charged each customer to whom the Company mails a notice of discontinuance of service as required by the Commission rules prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating that cost.

6. Customer Account Charge - $25.00. One-time fee charged to each new account to defray costs of initiating service.

B-1

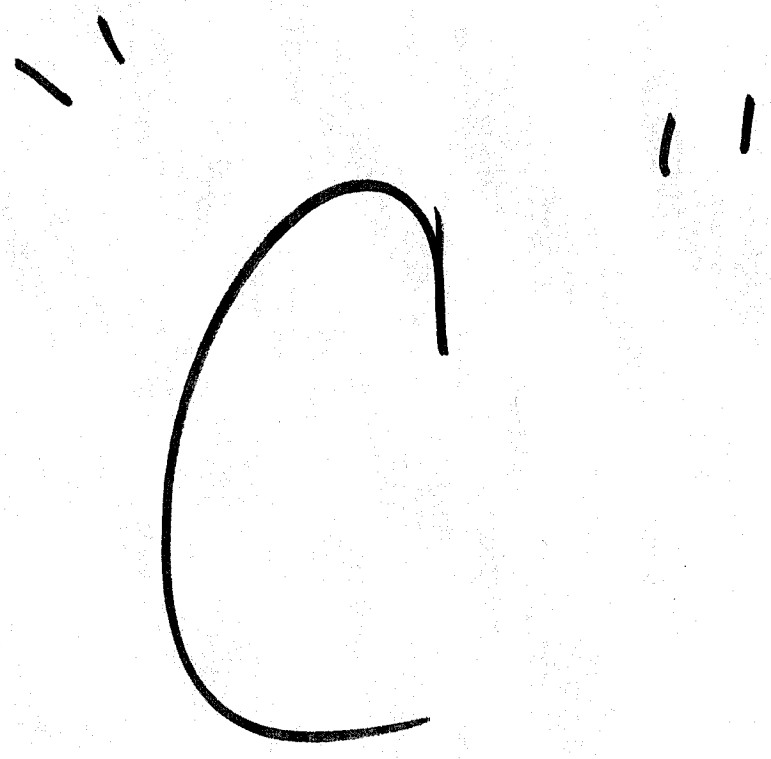
TAP FEE COST JUSTIFICATION

WATER

Materials	$ 73.94
Equipment time	50.00
Labor 4 man-hours @ $44.20/hr.	176.80
Contractor's cost to install lateral	350.00
TOTAL	**$ 650.74**

SEWER

Contractor's cost to install lateral	$ 500.00
Equipment time	50.00
Labor 3 man-hours @$44.20/hr.	132.60
Total	**$ 682.60**



C-1

B. Consumption Charge Based on Water Usage $ .47/1000 gal.
All up to 11,000 gal./mo.

Tap-in Fees

Water tap-in fee	$500.00
Sewer tap-in fee	$500.00

The tap-in fee provides for installation of the normal size residential meter of 5/8" by 3/4". Where the customer requests a larger meter, Company will apply the tap-in fee schedule for larger meters as listed in the Commercial Service Schedule No. 2.

RATE SCHEDULE NO. 2 COMMERCIAL SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Available to any Commercial or Master Metered Residential Customer for any purpose except Hotel or Motel use (see Rate Schedule No. 3).

Water Service Charges

A. Basic Facilities Charge

5/8" meter	$ 22.40/mo.
3/4" meter	$ 33.60/mo.
1" meter	$ 56.00/mo.
1 1/2" meter	$112.00/mo.
2" meter	$179.20/mo.
3" meter	$392.00/mo.

Basic Facilities Charge for water service with meters larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)}}{20 \text{ gpm}} \times \$22.40 \text{ per mo.}$$

B. Consumption Charge $2.90/1,000 gal. for all consumption

Sewer Service Charges

A. Basic Facilities Charge

5/8" meter	$ 18.00/mo.
3/4" meter	$ 27.00/mo.
1" meter	$ 45.00/mo.
1 1/2" meter	$ 90.00/mo.
2" meter	$144.00/mo.
3" meter	$315.00/mo

Basic Facilities Charge for sewer service where water service is through meters larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)}}{20 \text{ gpm}} \times \$18.00 \text{ per mo.}$$

B. Consumption Charge $1.80/1,000 gal. for all consumption

Tap-in Fees

		Water Tap-in Fee	Sewer Tap-in Fee
5/8"	meter	$ 500.00	$ 500.00
3/4"	meter	$ 750.00	$ 750.00
1"	meter	$1,250.00	$1,250.00
1 1/2"	meter	$2,500.00	$2,500.00
2"	meter	$4,000.00	$4,000.00
3"	meter	$8,750.00	$8,750.00

Water Tap-in Fee and Sewer Tap-in Fee for water and sewer service where the water meter is larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm) X \$500.00}}{\text{20 gpm}}$$

RATE SCHEDULE NO. 3 HOTEL AND MOTEL SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable to all hotel and motel customers for any purpose.

Water Service Charges

Basic Facilities Charge	$9.00/mo/room
All Consumption	$2.90/1000 gal

Sewer Service Charges

Basic Facilities Charge	$7.20/mo/room
All Consumption	$1.80/1000 gal

Tap-in Fees

Water Tap-in Fee	$220/room
Sewer Tap-in Fee	$220/room

RATE SCHEDULE NO. 4 IRRIGATION SERVICE

AVAILABILITY -- Available within the Company's service area. The Company reserves the right to limit or reduce irrigation service available, when, in its sole judgment, its water system conditions require such restrictions.

APPLICABILITY -- Applicable only to customers who anticipate substantial potable water use which will not be returned to the company's wastewater treatment system such as irrigation. Such water consumption shall be metered separately from any water use supplied under other rate schedules.

Water Service Charges

A. Basic Facilities Charge

5/8" meter	$ 22.40/mo.
3/4" meter	$ 33.60/mo.
1" meter	$ 56.00/mo.
1 1/2" meter	$112.00/mo.
2" meter	$179.20/mo.
3" meter	$392.00/mo.

Basic Facilities Charge for water service with meters larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm) X \$22.40 per mo.}}{\text{20 gpm}}$$

B. Consumption Charge — $ 2.65/1000 gal.
All up to 50,000 gal./mo.

C. Excess Consumption Charge — $ 2.90/1000 gal.
All over 50,000 gal./mo.

Tap-in Fees

5/8" meter	$ 500.00
3/4" meter	$ 750.00
1" meter	$1,250.00
1 1/2" meter	$2,500.00
2" meter	$4,000.00
3" meter	$8,750.00

Water Tap-in Fee where the water meter is larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity(gpm) X \$500.00}}{\text{20 gpm}}$$

RATE SCHEDULE NO. 5 FIRE HYDRANT SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable to fire hydrants connected to Company water mains.

Water Service Charges

$100.00 per hydrant per year payable semiannually in advance for fire fighting service. When temporary water service from a hydrant is requested by a contractor or others, a meter will be installed and the charge will be:

$8.00 for each day of use, PLUS $2.90/1000 gals. for ALL water used, PLUS a $50 security deposit.

RATE SCHEDULE NO. 6 GOLF COURSE IRRIGATION

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable for golf course irrigation where the customer agrees to take as a minimum quantity the treated effluent from the wastewater treatment plant.

Water Service Charges

A. Effluent water will be billed at the rate of:

Basic Facilities Charge	$14,944.00/mo.
Consumption	$.13/1000 gal.

B. Deep well water will be billed at the rate of:

Basic Facilities Charge	$3,480.00/mo.
Consumption	$.18/1000 gal.

C. Potable water will be billed at the rate of:

Basic Facilities Charge	$2,663.00/mo.
Consumption	$2.90/1000 gal.

RATE SCHEDULE NO. 7 FIRE LINE SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY - Applicable for private fire lines.

Water Service Charges

Basic Facilities Charge	
2" line	$ 6.00/mo.
3" line	$11.00/mo.
4" line	$19.00/mo.
6" line	$38.00/mo.

Tap-in Fees

2" line	$4,000.00
3" line	$8,750.00

Water Tap-in Fee where the service is larger than 3" shall be based on the tap-in fee schedule as listed in the Commercial Service Schedule No. 2.

CHARGES FOR SERVICE DISCONTINUANCE, RECONNECTION AND OTHER MISCELLANEOUS SERVICE CHARGES

CHARGES

1. When a customer requests temporary discontinuance of service for the apparent purpose of eliminating the minimum bill, during such cut-off period the Company may make a charge equivalent to a three months minimum bill for both water and sewer service and require payment of such charge before service is restored.

2. Temporary discontinuance of service for such purposes as maintenance or construction will be made and the Company may charge the customer the actual cost plus 25%.

3. Whenever service is disconnected for violation of rules and regulations, nonpayment of bills or fraudulent use of service, the Company may make a charge of $25.00 for water and $100.00 for sewer before service is

restored.

4. Whenever service has been disconnected for reasons other than set forth in (3) above, the Company shall have the right to charge a $25.00 reconnection fee to restore service after 4:30 p.m. Monday-Friday or Saturday/Sunday.

5. Delinquent Notification Fee - $10.00. A fee of $10.00 shall be charged each customer to whom the Company mails a notice of discontinuance of service as required by the Commission rules prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating that cost.

6. Customer Account Charge - $25.00. One-time fee charged to each new account to defray costs of initiating service.

7. Return Check Charge (NSF) - $20.00.

8. Backflow Monitoring - $0.20 per month. A fee of $0.20 per month shall be charged each customer to reimburse the Company for Backflow Monitoring required by DHEC regulations.

9. DHEC Charges. If the South Carolina Department of Health & Environmental Control charges the Company an assessment based on customer units served by the Company, the Company may bill its customers for the applicable unit cost of that assessment. The charge shall be identified as a separate billed item and included in the total of the service billing.

KIAWAH ISLAND UTILITY, INC.
31 SORA RAIL ROAD
KIAWAH ISLAND, SC 29455
(843) 768-0641

PROPOSED SCHEDULE OF RATES AND CHARGES

RATE SCHEDULE NO. 1 RESIDENTIAL SERVICE

AVAILABILITY -- Available within the Company's service area.

APPLICABILITY -- Applicable to any residential customer for any purpose.

Water Service Charges

A. Minimum Bill 0-2,000 Gal/mo.

5/8" meter	$ 22.40/mo.
3/4" meter	$ 33.60/mo.
1" meter	$ 56.00/mo.
1 1/2" meter	$112.00/mo.
2" meter	$179.20/mo.
3" meter	$392.00/mo.

Minimum Water Service Charge for meters larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity } (gpm) \times \$22.40 \text{ per mo.}}{20 \text{ gpm}}$$

B. Consumption Charge $ 2.17/1000 gal.
All over 2,000 gal./mo. and up to 11,000 gal./mo.

C. Excess Consumption Charge #1 $ 2.65/1000 gal.
All over 11,000 gal./mo. and up to 50,000 gal./mo.

D. Excess Consumption Charge #2 $ 2.90/1000 gal.
All over 50,000 gal./mo.

Sewer Service Charges

A. Basic Facilities Charge

5/8" water meter	$ 18.00/mo.
3/4" water meter	$ 27.00/mo.
1" water meter	$ 45.00/mo.
1 1/2" water meter	$ 90.00/mo.
2" water meter	$144.00/mo.
3" water meter	$315.00/mo.

Basic Facilities Charge for sewer service where water service is through meters larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity } (gpm) \times \$18.00 \text{ per mo.}}{20 \text{ gpm}}$$

9/25/98

NSF Charge

Since 1995 there have been 74 checks returned for non-sufficient funds. KIU currently does not charge a return check fee, but believes that a charge of $20.00 per returned check is sufficient to cover the costs associated with re-processing these checks.

A minimum of 30 minutes per NSF check is required to reverse the entry, call the customer, re-deposit check, re-enter payment and book the entry against the ledger

1995	1996	1997	To date 1998
23	9	33	9

Fire Hydrant Charges

The current fire hydrant charge of $75.00/ annually per hydrant is used to cover the cost of repair and maintenance to the 350 fire hydrants located on Kiawah Island.

- The company is requesting an increase in the charge from $75.00/annually per hydrant to $100/annually per hydrant.
- The company has not requested an increase in this fee since it was first approved in 1984.
- Both Seabrook Island and St. Johns Water Company charge $125 and $110 respectively/annually per hydrant to the St. Johns Fire District for this same service.

A conservative breakdown of costs associated with the charge per hydrant follows:

1.	Trimming and weedeating around hydrant - .5 man-hours semi-annually (as needed)	=	$ 22.10 x 2 $ 44.20
2.	Labor to paint and tape hydrant .5 man-hours per hydrant annually	=	22.10
3.	Labor to lubricate fittings and hydrant caps .5 man-hours per hydrant annually	=	22.10
4.	Labor to exercise hydrant valves .5 man-hours per hydrant semi-annually		22.10 x 2 44.20
5.	Materials to maintain each hydrants Paint, reflective tape, lubricant	=	5.00
	Total cost to maintain hydrants	=	**$137.60**

Delinquent Notification Fee

Currently the "Utility" charges a $5.00 fee when it is necessary to send a certified letter of notice to disconnect service due to non-payment of an account.

This notification process is required by the Commission Rules and Regulations prior to service disconnection. The "Utility" requests that this charge be increased to $10.00 to cover the cost of clerical and mailing costs associated with each notice.

A cost breakdown follows:

Clerical	.5 man-hours	$22.10
Mailing	1st letter	.32
Mailing	Certified	2.77
	Total	**$25.19**

Backflow Monitoring Charge Justification

The SC State Primary Drinking Water Regulations requires the water supplier to enforce Regulation 61-58.7 (F) related to Cross Connection Control. Each utility is to receive a written report of the inspection and testing results for ALL devices tested within the distribution system.

Enforcing this regulation requires manpower and a means of tracking inspections and testing reports. Because of the growth on the Island, it has been recommended by DHEC officials that we install a backflow prevention software package to monitor and enforce this regulation. This software package will create a customer and assembly device base which will assist in generating letters and notices, creating forms and tracking repairs.

The costs associated with this should be spread across the entire customer base, as each classification of customer is a potential source of cross-connection. The cost breakdown follows:

Software Package	$3,069
Technical Support	318
Annual Manpower	
7hrs/month @$44.20/hour	3,713
Total Annual Costs	$7,100

Total annual costs ($7,100) divided by total customer base (2,985 customers) is equal to $.20/month.

Interoffice Memo

Date: 09/28/98

To: Becky Dennis

From: Keith Weeks

RE: Backflow Prevention Regulation

This is in reference to your inquiry in regards to backflow prevention on Kiawah Island, and justification for a computer based program to maintain backflow records.

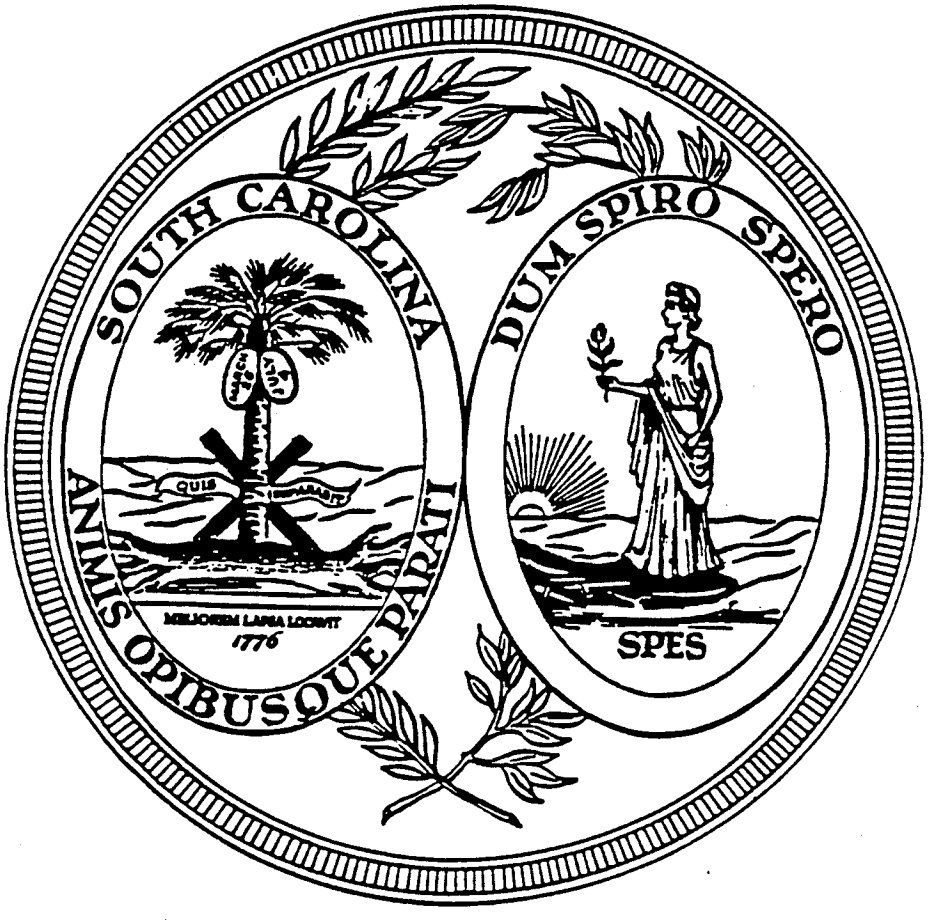
In May of 1981, South Carolina Department of Health and Environmental Control (DHEC) passed into Law, the "State Primary Drinking Water Regulations". Section 61-58.7 (F) lists the specific requirements. I have included a copy of this for you to review.

Kiawah Island Utility, Inc. currently has an ongoing backflow program, however as the Island continually grows, I see an overwhelming need to computerize our records to more efficiently run this program and protect the water supply for our customers. In talking with DHEC officials responsible for overseeing water purveyors, it is their preference to have all programs computerized. It is their belief as well as mine, the program will run much more efficiently.

Should you need any additional information regarding this matter, just let me know.

Thanks

STATE PRIMARY DRINKING WATER REGULATIONS



DIVISION OF WATER SUPPLY

South Carolina Department of Health and Environmental Control

2600 Bull Street
Columbia, South Carolina 29201

May, 1981

of two hundred mg/l. The chlorine solution shall be allowed to stand in the water line for two hours and then be flushed out before the line is placed back into operation.

F. Cross Connection Control

(1) If bacteriological or chemical monitoring results, complaints from individuals, or sanitary survey findings indicate the need, the Department may require a public water supply to develop and carry out a program for the detection, elimination and prevention of cross connections.

(2) No person shall install, permit to be installed or maintain any cross connection between a public water supply and any other water supply, sewer, or waste line from any container of liquids unless an approved backflow prevention device is installed between the public water supply and the source of contamination.

(3) Should the connection be between two approved public water supplies, common gate or check valves may be used provided this has the approval of both suppliers of water and the Department.

(4) Should the connection be between an approved public water supply and to a service or other water supply not hazardous to health but not meeting the standards of the approved public water supply and not cross-connected within its system with a potentially dangerous water or liquid, any approved double check valve assembly may be used.

(5) Should the connection be between an approved public water supply and to a service or other water supply which has or may have any material in the water dangerous to health, or connected to any material dangerous to health that is or may be handled under pressure, or subject to negative pressure, protection shall be by air gap separation. An approved reduced pressure principle backflow prevention device may be substituted for an air gap, provided this alternative is acceptable to the supplier of water and the Department.

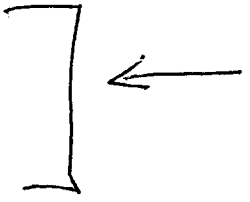
(a) Reduced pressure principal backflow prevention devices shall not be installed in any location subject to possible flooding. This includes pits or vaults which are not provided with a gravity drain to the ground's surface.

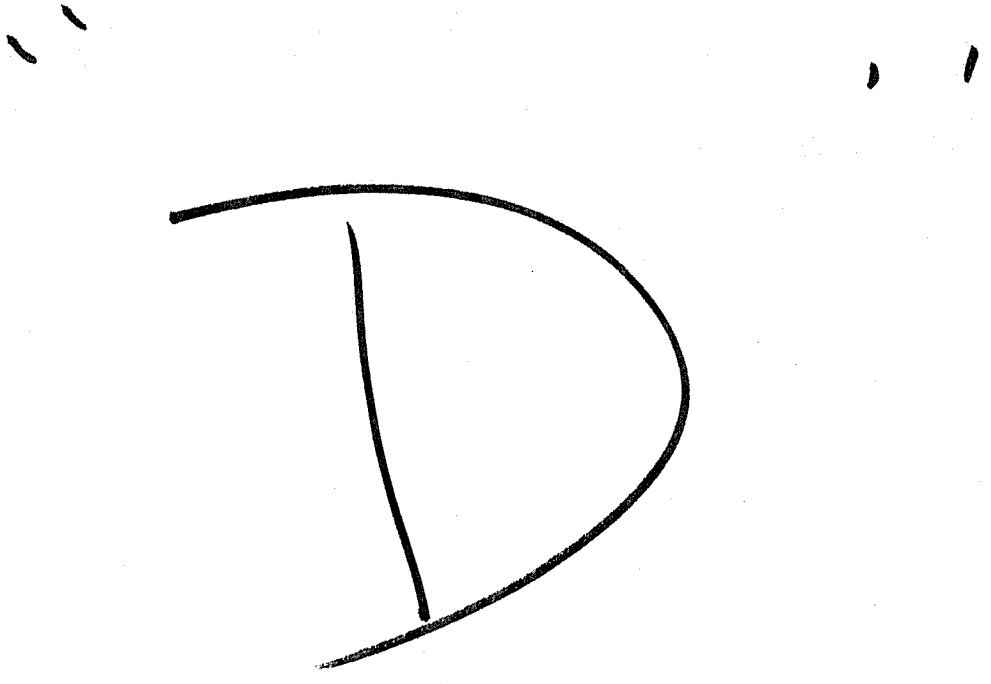
(b) The Department shall prepare and publish lists of backflow prevention devices approved by the Department for use in South Carolina, and these lists shall be updated at least once annually.

(6) When double check valve assemblies and/or reduced pressure principal backflow prevention devices are installed to protect a public water supply against the possibility of backflow from a customer's water service, routine maintenance and testing to the devices shall be performed by a certified tester.

(a) Each device shall be tested by a certified tester after installation and before use by the customer. Each device shall be tested at least once annually by a certified tester.

(b) Each supplier of water is to receive a written report of the inspection and testing results for all devices tested within the distribution system. The report shall be submitted by the certified tester making the inspection and test.





KIAWAH ISLAND UTILITY, INC.
OPERATING EXPERIENCE, RATE BASE, RATE OF RETURN AND OPERATING MARGIN
TEST YEAR ENDED 12/31/97

DESCRIPTION	1997 INCOME	ACCOUNTING PRO FORMA ADJUSTMENTS		BOOKS AS ADJUSTED	PROPOSED INCREASE ADJUSTMENTS		EFFECT OF PROPOSED INCREASE
OPERATING REVENUES							
TOTAL REVENUE	$3,278,039	($165,181)	1	$3,112,858	$492,455	8	$3,605,313
OPERATING EXPENSES							
OPERATIONS & MAINTENANCE	2,069,915	181,617	2	2,251,532			2,251,532
DEPRECIATION/AMORTIZATION	388,625	(11,235)	3	377,390			377,390
OTHER	105,131	0	4	105,131			105,131
OPERATING TAXES	116,214			116,214	(41,072)	9	75,142
INTEREST EXPENSE	596,856	(136,733)		460,123	0		460,123
	3,276,741	33,649		3,310,390	(41,072)		3,269,318
CUSTOMER GROWTH					6,615	10	6,615
INCOME FOR RETURN	$1,298	($198,830)		($197,532)	$540,142		$342,610
RATE BASE:							
PLANT IN SERVICE	$15,100,555	($146,978)	5	$14,953,577			$14,953,577
ACCUMULATED DEPRECIATION/AMORT	(3,375,267)	23,329	6	(3,351,938)			(3,351,938)
NET PLANT IN SERVICE	11,725,288	(123,649)		11,601,639	0		11,601,639
CONSTRUCTION WIP	9,857	0		9,857			9,857
CONTRIBUTIONS IN AID OF CONSTRUCTION		(1,653,420)	7	(1,653,420)			(1,653,420)
CAPITAL PROJECTS 1998							0
CASH WORKING CAPITAL	271,881	22,702		294,583			294,583
TOTAL RATE BASE	$12,007,026	($1,754,367)		$10,252,659			$10,252,659
RETURN ON RATE BASE	0.01%			-1.93%			3.34%
OPERATING MARGIN	0.04%			-6.35%			9.50%

Exhibit D

D-1

KIAWAH ISLAND UTILITY, INC.
RATE OF RETURN/OPERATING MARGIN SUMMARY
TEST YEAR ENDED 12/31/97

RATE OF RETURN ON RATE BASE	
PER BOOKS	0.01%
AFTER PRO-FORMA ADJUSTMENTS	-1.93%
AFTER RATE INCREASE	3.34%
OPERATING MARGIN	
BEFORE PRO-FORMA ADJUSTMENTS	0.04%
AFTER PRO-FORMA ADJUSTMENTS	-6.35%
AFTER RATE INCREASE	9.50%

Exhibit D-1

D-2

KIAWAH ISLAND UTILITY, INC.
Narrative of Pro-Forma Adjustments

Adjustments to test year revenues and expenses are included to ensure that the proposed rates are based on a typical year's operation and are consistent with Public Service Commission guidelines.

Adjustment #1 - Operating Revenues
The adjustments listed below decreased test year revenues by a total of **$165,181**.

Certain types of revenues have historically been excluded from the rate making process:

$140,500 was moved from tap-in revenue to contributions in aid of construction. This adjustment reduces the Utility's net income, as recognized by the Commission.

$18,884 of interest income and $5,797 of miscellaneous income was eliminated, for a total of $24,681. Miscellaneous income consists of $1,000 rent from water/sewer property and $4,797 in gains due to sale of a truck, land and certain River Course transfer lines.

NOTE: There has been no adjustment in revenues for building incentive fees collected by KRA, the Utility's parent. These fees are paid directly to KRA and do not benefit the Utility (See Exhibit P, KRA contract, Article 5(e)).

Adjustment #2 - Operating and Maintenance
The adjustments listed below increased test year expenses by a total of **$181,617**.

Several adjustments to test year expenses have been made:

$595 of expenses not allowed by the Commission in the rate application was eliminated, including flowers ($362) and employee gifts/parties ($233).

Expenses were reduced by $13,917 and gross plant was increased by $13,917 to capitalize tap fees that were expensed during 1997.

The KRA management fee was adjusted by a reduction of $36,339, based on a calculation of hours worked by KRA employees on Utility business and an allocation of KRA overhead costs. There are many additional areas in which the Utility's relationship with KRA saves the Utility money; however, the Utility limited this expense to only $63,661, to be consistent with guidelines in prior Commission rulings.

We increased the cost of purchased water by $55,523 to reflect the 12/1/97 CPW rate increase and the 4/24/98 St. Johns Water Company operations & maintenance charge increase. The adjustment was determined by applying the new purchased water rates to the test year gallons of potable water.

We similarly increased the cost of purchased water by $53,435 to reflect the approved 12/1/98 CPW rate increase.

The following adjustments are based on an approach that was recommended by the Consumer Advocate in the last rate case and adopted by the Commission. Each adjustment is based on a comparison of 1993 through 1997 average expenses with 1997 test year expenses:

The repairs and maintenance account (net of tap-in expenses for each year) was amortized over a five year period, increasing test year expenses by $72,027. This averaging procedure allows recognition of repair and maintenance expenses which do not occur every year.

Per the Commission's Order No. 97-4 (p. 14) in the last rate case, the engineering consulting fees account was amortized over a five year period, increasing test year expenses by $43,493.

Likewise, in accord with Order No. 97-4 (p. 20), the legal fees account was also amortized over a five year period, increasing test year expenses by $7,990. This adjustment includes expenses incurred by the Utility in defending the Garretson and Fife claims, which were resolved in favor of the Utility in 1997. Order No. 97-4 (p. 15) deferred the recognition of this expense until the conclusion of these cases.

Adjustment #3 - Depreciation and Amortization

The adjustments listed below decreased test year depreciation expense by a total of **$11,235** and decreased gross plant by a total of **$146,978**.

Availability fees of $1,512,920 paid through December 31, 1991 were added to contributions in aid of construction to comply with Commission Order No. 92-1030. This order also reduces depreciation expense by $33,284.

Depreciation expense was increased by $696 and accumulated depreciation was credited by $696 to capitalize tap fees that were expensed in 1997.

Depreciation expense was decreased by $5,134 to exclude depreciation on a portion of the Ocean Course Drive Extension to comply with Commission Order No. 92-1030. Also, gross plant was reduced by $230,884 and accumulated depreciation was debited by $50,512. Our calculations are based on the same methodology used in prior Commission orders, including 85 taps out of 410 lots and 3 years expected between rate cases.

The following adjustments are based on an approach that was recommended by the Staff in the last rate case and adopted by the Commission:

1997 depreciation expense was annualized, increasing test year expenses by $17,827. This adjustment properly reflects the additional depreciation for 1997 capital expenditures and eliminates expense for fully depreciated items.

Depreciation expense was adjusted for the following 1998 capital expenditures which are known and measurable, increasing test year expenses by $8,660 and increasing gross plant by $69,989:

Capital Expenditures 1998	Cost	Annualized Depreciation
AS/400 Computer Installation	$800	160
Used IBM Terminal	318	64
Mobile Radio	455	91
Tape Backup	321	64
New Truck/Bedliner/Toolbox	15,646	3,129
Trailer for Mower	689	138
Major Repairs to Mower	816	163
Office Furnishings	254	51
Security Monitor	477	95
SCADA Turtle Point and Osprey Point	2,030	203
SCADA System	43,435	4,343
Osprey Golf Effluent Meter	1,948	97
Relocate Fire Hydrant	2,800	62
Total	$69,989	$8,660

Adjustment #4 – Other
None.

Adjustment #5 – Gross Plant
The adjustments described under Adjustment #3 decreased gross plant by a total of **$146,978**.

Adjustment #6 – Accumulated Depreciation
The adjustments described under Adjustment #3 debited accumulated depreciation by a total of **$23,329**.

Adjustment #7- Contributions in Aid of Construction
The tap-in revenue adjustment described under Adjustment #1 and the availability fee adjustment described under Adjustment #3 increased test year contributions in aid of construction by **$1,653,420**.

Adjustment #8 - Rate Increase
The Variable Cost Worksheet (Exhibit D-4) shows the detailed calculations to determine the proposed rates and the **$492,455** proposed rate increase.

In the Variable Cost Worksheet, fixed costs, variable costs and adjustments were allocated by line of business: water (residential, commercial, irrigation and hotel), sewer (residential, commercial and hotel), golf potable, golf well and golf effluent. The Utility's engineers have certified the accuracy of this breakdown (Exhibit Q). The method of allocation varies by type of cost. For some costs and adjustments, the line of business allocation is known or partially known. Exact allocation was used when possible. Some costs (e.g. purchased water) were allocated by gallons of potable water. For other costs and adjustments, no direct allocation is possible and the amounts are prorated by the book value of the Utility's assets attributable to the line of business.

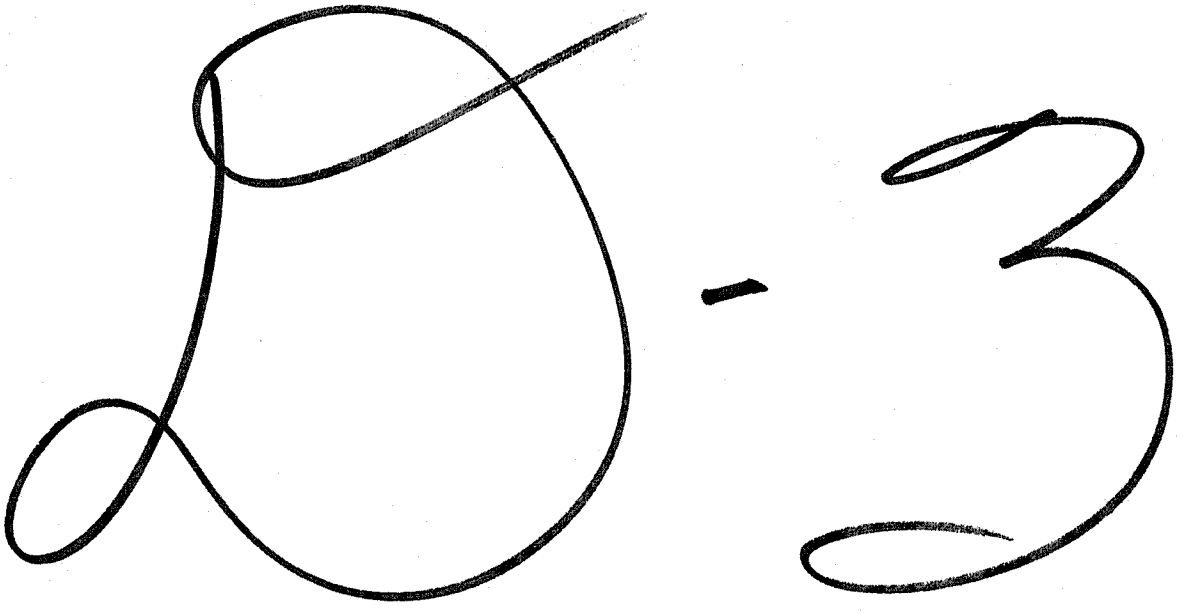
Other key assumptions used in determining the proposed rates include the proportion of residential water customers with sewer connections (2492 out of 2616, or 95.26%) and the proportion of commercial water customers with sewer connections (56 out of 77, or 72.73%). These assumptions are used in determining sewer revenues and also in determining the gallons of water for computing the variable sewer rate for residential customers.

Unlike previous rate applications, the additional revenue resulting from customers with water meters larger than the standard 5/8" size has been considered. For this reason, in Exhibit D-7 the "Average Base Charge For All Customers" exceeds the base rate for customers with a standard 5/8" meter. Also, in determining the fixed rates in the Variable Cost Worksheet, adjustments are made to the number of customers to reflect customers with water meters larger than the standard 5/8" size (called "Equivalent Units").

In the Variable Cost Worksheet, the potable variable rate was determined for the water and golf potable lines of business on a combined basis.

Adjustment #9 - Operating Taxes
The tax effect of interest synchronization decreased operating taxes by $46,489 and the gross receipts taxes on the proposed rate increase raised operating taxes by $5,417, for a total decrease of **$41,072**. See attached Exhibit D-9. The gross receipts tax adjustment is based on the approach that was adopted by the Public Service Commission in the last rate case.

Adjustment #10 - Customer Growth
The customer growth adjustment increased revenues by **$6,615**. See attached Exhibit D-10.


D-3

ACCOUNTING PRO-FORMA ADJUSTMENTS SCHEDULE

Description of Entry	1 Operating Revenues	2 Operating & Maintenance	3 Depreciation & Amortization	4 Other	5 Gross Plant	6 Accumulated Depreciation	7 Contributions In Aid of Const.	8 Rate Increase	9 Operating Taxes	10 Customer Growth
Move tap-in revenue to contributions in aid of construction	**($140,500)**						**$140,500**			
Eliminate interest & misc. income, which are not considered for rate making purposes.	**(24,681)**									
Benefits not allowed for ratemaking purposes		**($595)**								
Deduct from plant the availability fees paid through December 31, 1991 per 1992 PSC order			**(33,284)**				**1,512,920**			
Capitalize tap fees which were expensed during 1997 and related depreciation		**($13,917)**	**696**		**13,917**	**(696)**				
Management fee		**(36,339)**								
Adjust purchased water based on 1997 usage, 12/1/97 CPW rate increase and 4/24/98 St. Johns Water Co. O&M rate increase		**55,523**								
Adjust purchased water based on 1997 usage, 12/1/98 CPW rate increase and 4/24/98 St. Johns Water Co. O&M rate increase		**53,435**								
Ocean Course extension per 1992 PSC order			**($5,134)**		**($230,884)**	**$50,512**				
Annualize 1997 depreciation expense			**17,827**			**(17,827)**				
Adjust for 1998 additions			**8,660**		**69,989**	**(8,660)**				
Five year amortization of repairs and maintenance account (net of tap-in expenses for each year)		**72,027**								
Five year amortization of engineering consulting fees		**43,493**								
Five year amortization of legal fees, including Garretson vs. KIU fees that were deferred in 1996 rate case		**7,990**								
Expenses for current rate case will be determined in late 1998 and amortized over 3 years										
Customer growth with increase										**$6,615**
Tax effect of interest synchronization									**($46,489)**	
Rate increase from rate structure worksheets								**$492,455**		
Gross receipts taxes on rate increase									**5,417**	
	($165,181)	$181,617	($11,235)	$0	($146,978)	$23,329	$1,653,420	$492,455	($41,072)	$6,615

Exhibit D-3

D-4

Kiawah Island Utility
Variable Cost Worksheet
TEST YEAR ENDED 12/31/97

09/24/98
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	1997 Total	1997 Water	1997 Sewer	1997 Golf Total	1997 Golf Potable	1997 Golf Well	1997 Golf Effluent
Revenues							
Fixed	$1,505,298	$799,819	$697,607	$7,872	$1,968	$3,936	$1,968
Variable	1,579,546	1,101,720	64,965	412,861	175,367	176,937	60,557
Misc./Tap ins	193,195	102,098	91,098	0	0	0	0
Total	3,278,038	2,003,636	853,669	420,733	177,335	180,873	62,525
Variable Expenses							
Purchased Water	1,120,090	974,828	0	145,262	145,262	0	0
Fuel/Electricity	127,204	50,151	48,920	28,132	7,473	8,541	12,118
Repairs/Maintenance	64,007	34,233	19,311	10,463	1,060	2,910	6,493
Total Variable Expenses	1,311,300	1,059,212	68,231	183,857	153,795	11,451	18,611
Contribution Margin	1,966,738	944,424	785,439	236,876	23,540	169,422	43,914
Fixed Expenses							
Interest Expense	596,856	315,902	182,843	98,110	9,782	26,851	61,477
Salaries/Benefits	455,674	241,178	139,593	74,903	7,468	20,499	46,935
Depreciation/Amortization	388,625	212,168	111,257	65,200	7,261	16,717	41,222
Property Taxes	116,214	61,509	35,602	19,103	1,905	5,228	11,970
Other	105,131	55,126	32,638	17,367	1,707	4,686	10,974
Management Fee	100,000	52,928	30,634	16,438	1,639	4,499	10,300
Lease	90,129	18,521	68,849	2,760	2,760	0	0
Professional Fees	61,300	32,445	18,779	10,076	1,005	2,758	6,314
Insurance	51,511	27,264	15,780	8,467	844	2,317	5,306
Income Taxes	0	0	0	0	0	0	0
Total Fixed Expenses	1,965,440	1,017,040	635,975	312,425	34,372	83,555	194,498
Income Before Rate Increase	$1,298	($72,616)	$149,463	($75,549)	($10,832)	$85,867	($150,584)
Operating Margin	0%	-4%	18%	-18%	-6%	47%	-241%
Adjustments (prorata)							
Revenues	($165,181)	($88,091)	($77,091)				
Cost of water	(108,958)	(94,828)	0	(14,131)	(14,131)	0	0
Fixed expenses	147,337	77,981	45,135	24,220	2,415	6,629	15,176
Repairs & maintenance	(72,027)	(21,464)	(34,094)	(16,469)	(1,942)	(14,527)	
Income After Adjustments	($197,532)	($199,017)	$83,414	($81,929)	($24,490)	$77,970	($135,408)
Operating Margin	-6.3%	-10.4%	10.7%	-19.5%	-13.8%	43.1%	-216.6%
Compute Rates							
Equivalent Units - Fixed		3495.5	2741.0				
Monthly Fixed Rate		$22.40	$18.00		$2,663	$3,480	$14,944
Gallons (Commercial & Hotel)		45,633	35,730				
Residential Gallons from Threshold to 11,000		116,688	158,608				
Residential Gallons 11,000-50,000		147,000					
Residential Gallons over 50,000		30,240					
Irrigation Gallons under 50,000		52,429					
Irrigation Gallons over 50,000		109,556					
Total Gallons		501,546	194,338	420,211	81,992	170,551	167,668
Variable Rate		$2.17	$0.47		$2.90	$0.18	$0.13
Excess Variable Rate#1		$2.65					
Excess Variable Rate#2		$2.90					
Rate Increase	$492,455	$393,340	($26,636)	$125,751	$70,984	($77,323)	$132,090
Adjustments	47,687	25,240	14,609	7,839	782	2,145	4,912
Income After Rate Increase	$342,610	$219,563	$71,387	$51,661	$47,275	$2,793	$1,593
Operating Margin	9.5%	9.5%	9.5%	9.5%	19.0%	2.7%	0.8%
Utility Plant Assets	$15,100,555	$7,982,660	$4,549,020	$2,568,874	$264,568	$683,411	$1,620,895
Accumulated Depreciation	(3,375,267)	(1,776,737)	(957,044)	(641,486)	(72,391)	(155,924)	(413,171)
Book Value	$11,725,288	$6,205,924	$3,591,976	$1,927,388	$192,177	$527,487	$1,207,724
% of total	100%	53%	31%	16%	2%	4%	10%
Water only %	100%	90%			3%	8%	
Sewer only %	100%		75%				25%
Thousand Gallons of Potable Water Sold	632,226	550,234			81,992		
%	100.0%	87.0%			13.0%		
Thousand Gallons of Effluent Water Sold	167,668						167,668
Thousand Gallons of Well Water Sold	170,551					170,551	
Total Water Sold	970,445	550,234	0		81,992	170,551	167,668

Exhibit D-4

D-5

KIAWAH ISLAND UTILITY, INC.
INCOME WORKSHEET
TEST YEAR ENDED 12/31/97

AUDIT	1998 Budget	1997	1996	1995	1994
Operating Revenues	$3,194,324	$3,278,039	$2,898,331	$2,816,489	$2,465,840
Variable Expenses					
Purchased Water	1,069,953	1,120,090	1,071,092	924,403	707,668
Fuel/Electricity	130,286	127,204	130,335	109,189	104,654
Repairs/Maintenance	97,576	64,007	363,048	112,878	76,400
Total Variable Expenses	1,297,815	1,311,301	1,564,475	1,146,470	888,722
Fixed Expenses					
Interest Expense	600,000	596,856	500,479	388,610	358,130
Salaries & Benefits	481,752	455,674	427,844	369,176	315,217
Depreciation	389,107	388,625	357,950	326,294	314,476
Property Taxes	115,619	116,214	111,523	109,025	98,261
Other	128,174	105,131	312,091	102,519	220,314
Management Fee	100,000	100,000	100,000	100,000	100,000
Lease Expense	90,300	90,129	86,854	33,000	0
Professional Fees	74,280	61,300	0	184,683	0
Insurance	57,718	51,511	55,007	49,414	50,557
Income Tax	0	0	0	12,000	39,500
Total Fixed Expenses	2,036,950	1,965,440	1,951,748	1,674,721	1,496,455
Total Expenses	3,334,765	3,276,741	3,516,223	2,821,191	2,385,177
Net Income	**($140,441)**	**$1,298**	**($617,892)**	**($4,702)**	**$80,663**
Operating Margin	**-4.4%**	**0.0%**	**-21.3%**	**-0.2%**	**3.3%**

PSC	1997
Operating Revenues	$3,278,039
Operating Expenses	
Operations/Maintenance	2,069,915
Depreciation	388,625
Other	105,131
Operating Taxes	116,214
Interest Expense	596,856
	3,276,741
Net Income	**$1,298**

Exhibit D-5

D-6

RESIDENTIAL	CURRENT	PROPOSED			
WATER-	$18.00	$22.40	Standard Meter Size	2,000	2,000 Thousand Gal. Allowed Before Water Consumption Charge
SEWER-	$22.00	$18.00	Standard Meter Size	0	$2.65 Excess Water Consumption Charge #1
	0	0.47	Sewer Consumption Charge	0	11,000 Threshold for Excess Water Consumption Charge #1
	0	11,000	Sewer Threshold	0	$2.90 Excess Water Consumption Charge #2
				0	50,000 Threshold for Excess Water Consumption Charge #2

Usage By 1,000 Gallons	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	AVG
Customers @ 0 Gal.	612	915	496	123	201	153	153	125	142	365	440	403	4,128	344
Total Gallons	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Customers @ 1,000 Gal.	366	437	428	147	220	147	147	87	138	323	457	448	3,345	279
Total Gallons	366	437	428	147	220	147	147	87	138	323	457	448	3,345	1
Customers @ 2,000 Gal.	265	219	312	162	283	173	173	91	175	358	332	377	2,920	243
Total Gallons	530	438	624	324	566	346	346	182	350	716	664	754	5,840	2
Customers @ 3,000 Gal.	205	164	260	214	301	241	241	111	202	258	227	249	2,673	223
Total Gallons	615	492	780	642	903	723	723	333	606	774	681	747	8,019	3
Customers @ 4,000 Gal.	163	158	185	216	249	244	244	144	196	167	145	173	2,284	190
Total Gallons	652	632	740	864	996	976	976	576	784	668	580	692	9,136	4
Customers @ 5,000 Gal.	129	118	144	216	173	201	201	178	177	114	102	112	1,865	155
Total Gallons	645	590	720	1,080	865	1,005	1,005	890	885	570	510	560	9,325	5
Customers @ 6,000 Gal.	101	85	91	202	116	173	173	156	143	78	76	110	1,504	125
Total Gallons	606	510	546	1,212	696	1,038	1,038	936	858	468	456	660	9,024	6
Customers @ 7,000 Gal.	80	61	68	151	76	140	140	175	129	59	59	73	1,211	101
Total Gallons	560	427	476	1,057	532	980	980	1,225	903	413	413	511	8,477	7
Customers @ 8,000 Gal.	76	42	66	105	70	100	100	145	102	43	59	71	979	82
Total Gallons	608	336	528	840	560	800	800	1,160	816	344	472	568	7,832	8
Customers @ 9,000 Gal.	62	36	44	108	55	69	69	145	101	39	47	51	826	69
Total Gallons	558	324	396	972	495	621	621	1,305	909	351	423	459	7,434	9
Customers @ 10,000 Gal.	47	21	37	57	51	69	69	121	87	35	36	40	670	56
Total Gallons	470	210	370	570	510	690	690	1,210	870	350	360	400	6,700	10
Customers @ 11,000 Gal.	39	28	30	64	39	43	43	90	45	29	33	37	520	43
Total Gallons	429	308	330	704	429	473	473	990	495	319	363	407	5,720	11
Customers @ 12,000 Gal.	31	22	28	40	34	46	46	82	50	27	34	27	467	39
Total Gallons	372	264	336	480	408	552	552	984	600	324	408	324	5,604	12
Customers @ 13,000 Gal.	28	12	20	28	30	44	44	74	32	23	42	36	413	34
Total Gallons	364	156	260	364	390	572	572	962	416	299	546	468	5,369	13
Customers @ 14,000 Gal.	28	27	30	43	27	39	39	56	35	41	32	24	421	35
Total Gallons	392	378	420	602	378	546	546	784	490	574	448	336	5,894	14
Customers @ 15,000 Gal.	20	17	21	29	32	34	34	37	26	28	38	20	336	28
Total Gallons	300	255	315	435	480	510	510	555	390	420	570	300	5,040	15
Customers @ 16-20,000 Gal.	84	42	86	136	145	133	133	166	112	148	98	105	1,388	116
Total Gallons	1,522	742	1,524	2,445	2,621	2,414	5,209	2,933	2,027	2,673	1,762	1,881	27,753	20
Customers @ 21-25,000 Gal.	47	39	50	88	99	125	125	121	112	107	104	72	1,089	91
Total Gallons	1,073	893	1,156	2,000	2,273	2,856	3,673	2,771	2,571	2,437	2,385	1,645	25,733	24
Customers @ 26-30,000 Gal.	30	27	37	79	59	80	80	113	102	98	70	49	824	69
Total Gallons	840	751	1,028	2,213	1,639	2,225	3,980	3,148	2,854	2,734	1,955	1,364	24,731	30
Customers @ 31-35,000 Gal.	24	13	24	83	57	81	81	87	99	52	48	38	687	57
Total Gallons	789	423	793	2,723	1,872	2,689	4,016	2,854	3,254	1,721	1,573	1,236	23,943	35
Customers @ 36,000+ Gal.	72	37	71	249	228	215	249	266	373	197	116	87	2,160	180
Total Gallons	4,243	2,021	3,904	15,258	13,986	12,305	23,410	15,689	23,910	11,621	6,651	4,697	137,697	64
Additional Revenue for Larger Meters														
Totals: Customers	2,509	2,520	2,528	2,540	2,545	2,550	2,584	2,570	2,578	2,589	2,595	2,602	30,710	2,559
Total Gallons	15,934	10,587	15,674	34,932	30,821	32,468	50,266	39,574	44,126	28,099	21,677	18,457	342,615	11
Per Customer														

CURRENT RATES			PROPOSED RATES			%	CURRENT MO. REVENUE			PROPOSED MO. REVENUE		
WATER	SEWER	TOTAL	WATER	SEWER	TOTAL	INCREASE	TOTAL	WATER	SEWER	TOTAL	WATER	SEWER
$18.00	$22.00	$40.00	$22.40	$18.00	$40.40	1.0%	$13,401	$8,192	$7,209	$13,604	$7,706	$5,898
18.00	22.00	40.00	22.40	18.47	40.87	2.2%	10,869	5,022	5,847	11,158	6,250	4,909
18.00	22.00	40.00	22.40	18.94	41.34	3.4%	9,467	4,374	5,093	9,827	5,443	4,384
20.10	22.00	42.10	24.57	19.41	43.98	4.5%	9,156	4,482	4,673	9,602	5,479	4,123
22.20	22.00	44.20	26.74	19.88	46.62	5.5%	8,200	4,218	3,982	8,679	5,081	3,598
24.30	22.00	46.30	28.91	20.35	49.26	6.4%	7,015	3,767	3,248	7,486	4,481	3,005
26.40	22.00	48.40	31.08	20.82	51.90	7.2%	5,920	3,300	2,620	6,364	3,885	2,479
28.50	22.00	50.50	33.25	21.29	54.54	8.0%	4,995	2,879	2,117	5,407	3,358	2,048
30.60	22.00	52.60	35.42	21.76	57.18	8.7%	4,228	2,509	1,718	4,604	2,904	1,700
32.70	22.00	54.70	37.59	22.23	59.82	9.4%	3,702	2,256	1,446	4,055	2,594	1,461
34.80	22.00	56.80	39.76	22.70	62.46	10.0%	3,122	1,949	1,174	3,438	2,227	1,211
36.90	22.00	58.90	41.93	23.17	65.10	10.5%	2,488	1,587	901	2,752	1,803	949
39.00	22.00	61.00	44.58	23.17	67.75	11.1%	2,338	1,521	817	2,599	1,739	861
41.10	22.00	63.10	47.23	23.17	70.40	11.6%	2,110	1,397	713	2,356	1,606	750
43.20	22.00	65.20	49.88	23.17	73.05	12.0%	2,246	1,512	734	2,518	1,746	773
45.30	22.00	67.30	52.53	23.17	75.70	12.5%	1,855	1,268	587	2,089	1,471	618
55.80	22.00	77.80	65.76	23.17	88.95	14.3%	8,904	6,473	2,431	10,191	7,630	2,560
64.20	22.00	86.20	76.38	23.17	99.55	15.5%	7,749	5,842	1,907	8,959	6,951	2,009
76.80	22.00	98.80	92.28	23.17	115.45	16.9%	6,745	5,299	1,446	7,890	6,367	1,523
87.30	22.00	109.30	105.53	23.17	128.70	17.7%	6,171	4,976	1,195	7,273	6,015	1,258
148.20	22.00	170.20	185.88	23.17	209.05	22.8%	30,448	26,676	3,772	37,431	33,458	3,973
							1,624	1,624	0	2,930	1,660	1,270
							$152,753	$99,123	$53,629	$171,214	$119,853	$51,361
							$60.74	$39.74	$22.00	$67.91	$46.84	$21.07

Exhibit D-6

D-7

KIAWAH ISLAND UTILITY, INC.
Utility Usage Analysis By Category
As of December 31,1997

	Commercial		Irrigation		Hotel		Residential		Golf Mix		Fire Hydrant		Miscellaneous	Totals	
	# Customers	Gallons	# Customers	Gallons	# Rooms	Gallons	# Customers	Gallons	# Customers	Gallons	# Hydrants	$ Amount		# Customers	Gallons
Jan	72	1,745	153	4,219	150	416	2,509	15,934	5	6,519				2889	28,833
Feb	73	1,202	151	3,415	150	298	2,520	10,587	5	5,466				2899	20,968
Mar	72	2,274	153	5,322	150	435	2,528	15,674	5	24,812		$130		2908	48,517
Apr	72	4,048	153	14,041	150	986	2,540	34,932	5	48,656				2920	102,663
May	72	3,194	153	16,909	150	788	2,545	30,821	5	59,725				2925	111,437
Jun	72	3,116	154	17,104	150	815	2,550	32,468	5	40,861				2931	94,364
Jul	73	4,901	153	22,529	150	1,236	2,584	50,268	5	56,223	343	25,725		2965	135,157
Aug	73	4,034	162	18,320	150	1,130	2,570	39,574	5	64,033				2960	127,091
Sep	73	4,325	162	23,071	150	1,213	2,578	44,126	5	42,851				2968	115,586
Oct	75	2,944	163	17,191	150	791	2,589	28,099	5	42,558				2982	91,583
Nov	75	2,401	166	11,698	150	694	2,595	21,677	5	21,531				2991	58,001
Dec	74	2,127	166	8,167	150	520	2,602	18,457	5	6,974			33 NSF fee	2997	36,245
Total Use	4%	36,311	17%	161,986	1%	9,322	35%	342,617	43%	420,209			391 Set up fee		970,445
Average Use	73	3,026	157	13,499	150	777	2,559	28,551	5	35,017			19 Reconnect	2,945	80,870
Usage Per Customer		41		86		5		11		7,003			17 Del. Not. Fee		27
													2806 Backflow Monitoring		
1997 Water Revenue		$136,040		$519,846		$34,246		$1,166,254		$420,733					$2,277,119
1997 Sewer Revenue		97,395				30,632		652,843				$25,855	$10,800		780,870
1997 Miscellaneous Revenue										$420,733		$25,855	$10,800		36,655
1997 Total Revenue		$233,435		$519,846		$64,878		$1,819,097							$3,094,644
CURRENT RATES	Commercial		Irrigation		Hotel		Residential		Golf Mix		Fire Hydrant		Miscellaneous	Total Revenue	
Water															
Average Base Charge for All Customers		$65.82		$65.72		$8.00		$18.63	$131.20	$131.20					
Consumption Charge@	$2.10	87.05	$2.40	190.57	$2.10	10.88	$2.10	20.10	1.06	7,414.19					
Total Water Charge		$152.87		$256.29		$18.88		$38.74		$7,545.39					
Sewer															
Average Base Charge for All Customers		$62.79				$7.50		$22.00							
Consumption Charge@	1.80	74.61			1.80	9.32	0.00	0.00							
Total Sewer Charge		$137.41				$16.82		$22.00							
Total Cost Per Customer		$290.28		$256.29		$35.70		$60.74		$7,545.39			$0.00 NSF fee 25.00 Set up fee 50.00 Reconnect 5.00 Del. Not. Fee		
Miscellaneous											$75.00				
Annual Water Revenue - Fixed	7%	$58,452	16%	$134,064	2%	$14,400	70%	$572,231							
Annual Water Revenue - Variable	5%	77,298	25%	388,764	1%	19,576	40%	617,249	1%	$7,872		$25,725			$812,744
Annual Sewer Revenue - Fixed		40,553		0		13,500		643,553	29%	444,851		0			1,547,738
Annual Sewer Revenue - Variable		48,186		0		16,780		0		0		0			697,607
Annual Miscellaneous Revenue		0		0		0		0		0		0			64,965
Annual Revenue		$224,489		$522,828		$64,256		$1,833,033		0		0	10,810		10,810
										452,723		$25,725	$10,810		$3,133,864
PROPOSED RATES							See Residential Usage analysis								
Water															
Average Base Charge for All Customers		$74.99		$74.32		$9.00		$23.05	$4,913.40	$4,913.40					
Consumption Charge@	$2.90	120.21	$2.65	223.85	$2.90	15.02	$2.17	23.79	0.68	4,727.84					
Total Water Charge		$195.20	2.90	$298.16		$24.02	2.65	$46.84		$9,641.24					
							2.90								
Sewer															
Average Base Charge for All Customers		$58.74				$7.20		$18.52							
Consumption Charge@	1.80	74.61			1.80	9.32	0.47	2.55							
Total Sewer Charge		$133.35				$16.52		$21.07							
Total Cost Per Customer		$328.56		$298.16		$40.54		$67.91		$9,641.24			$20.00 NSF fee 25.00 Set up fee 50.00 Reconnect 10.00 Del. Not. Fee 0.20 Backflow Monitoring		
Miscellaneous											$100.00				
Annual Water Revenue - Fixed		$66,595		$151,603		$16,200		$707,774							
Annual Water Revenue - Variable		106,744		456,649		27,034		730,459		$294,804		$34,300			$1,271,276
Annual Sewer Revenue - Fixed		37,937		0		12,960		541,788		283,670		0			1,604,557
Annual Sewer Revenue - Variable		48,186		0		16,780		74,546		0		0			592,685
Annual Miscellaneous Revenue		0		0		0		0		0		0			139,511
Annual Revenue		$259,463		$608,252		$72,973		$2,054,566		0		0	18,289		18,289
										578,474		$34,300	$18,289		$3,626,318
Total Revenue Increase		$34,974		$85,424		$8,718		$221,533		125,751		$8,575	$7,479		$492,455
Percentage Increase		15.6%		16.3%		13.6%		12.1%		27.8%		33.3%	69.2%		15.7%

EXHIBIT D-7

20-8

KIAWAH ISLAND UTILITY, INC.
CASH WORKING CAPITAL SCHEDULE
TEST YEAR ENDED 12/31/97

DESCRIPTION	PER BOOKS	AS ADJUSTED
O & M EXPENSE	$2,069,915	$2,251,532
OTHER	105,131	105,131
TOTAL	$2,175,046	$2,356,663
WORKING CAPITAL RATE @45 DAYS	12.5%	12.5%
CASH WORKING CAPITAL	$271,881	$294,583

Exhibit D-8

20-9

KIAWAH ISLAND UTILITY, INC.
DEBT/EQUITY STRUCTURE SCHEDULE
TEST YEAR ENDED 12/31/97

BEFORE ADJUSTMENTS

DESCRIPTION	CAPITAL STRUCTURE	RATIO	PRORATED RATE BASE	EMBEDDED COST/RETURN	OVERALL COST /RETURN	INCOME FOR RETURN
LONG-TERM DEBT	$7,435,159	60%	$7,235,152	7.70%	4.64%	$556,954
COMMON EQUITY	4,903,786	40%	4,771,873	-11.64%	-4.63%	(555,656)
	$12,338,945	100%	$12,007,026		0.01%	$1,298

AFTER ADJUSTMENTS

LONG-TERM DEBT	$7,243,347	60%	$6,113,670	7.53%	4.49%	$460,123
COMMON EQUITY	4,903,786	40%	4,138,988	-15.89%	-6.41%	(657,656)
	$12,147,133	100%	$10,252,659		-1.93%	($197,532)

DEBT STRUCTURE DETAIL DEC 31, 1997

$83,516	0.00%	$0	
3,000,000	7.72%	231,564	
635,654	7.75%	49,263	
3,380,000	7.78%	262,964	
335,989	8.50%	28,559	
$7,435,159		$572,350	ANNUALIZED INTEREST
		7.70%	WEIGHTED AVERAGE INTEREST

KIU PROJECTED DEBT STRUCTURE FOR DEC 31, 1998

DEBT STRUCTURE DETAIL AFTER ADDITIONS

$71,174	0.00%	$0	
3,000,000	7.72%	231,564	
561,624	7.75%	43,526	
3,380,000	7.41%	250,458	
230,549	8.50%	19,597	
$7,243,347		$545,145	ANNUALIZED INTEREST
		7.53%	WEIGHTED AVERAGE INTEREST

TAX EFFECT OF INTEREST SYNCHRONIZATION

IMPUTED INTEREST	$460,123
PER BOOK INTEREST	596,856
DIFFERENCE	($136,733)
TAX RATE	34%
TAX EFFECT ON INT. SYNCH	($46,489)

Exhibit D-9

10-10

KIAWAH ISLAND UTILITY, INC.
CUSTOMER GROWTH SCHEDULE
TEST YEAR ENDED 12/31/97

	GROWTH FACTOR	NET INCOME	CUSTOMER GROWTH
PER BOOKS	2.0%	$1,298	$26
AS ADJUSTED BOOK	2.0%	(197,532)	($3,889)
AFTER INCREASE	2.0%	335,995	$6,615

	Water & Sewer	Sewer	Water
CUSTOMERS 1/1/97	5253	2454	2799
CUSTOMERS 12/31/97	5464	2548	2916
AVERAGE CUSTOMERS	5358.5		
GROWTH FACTOR	2.0%		

GROWTH FACTOR = $\frac{\text{END OF YEAR CUSTOMERS - AVERAGE CUSTOMERS}}{\text{AVERAGE CUSTOMERS}}$

* PSC DOES NOT RECOGNIZE NEGATIVE CUSTOMER GROWTH

Exhibit D-10

KIAWAH ISLAND UTILITY

ID	Date	Life	Acct #	Description	Cost	12/31/96 Accum Deprec.	1997 Expense	12/31/97 Accum Deprec.	12/31/97 Book Value	
	Dec-79	50	13307	Irr JNC 5752'-12" dia. eff FM	57,520.00	15,679.76	1,150.40	16,830.16	40,689.84	Effluent
	Dec-79	50	13309	Irr JNC 5752'-12" dia. eff FM	5,065.54	1,488.42	101.31	1,589.73	3,475.81	Effluent
	Jun-80	50	13307	Eff trans stat-JNC yard pipe & app	5,505.98	1,500.91	110.12	1,611.03	3,894.95	Effluent
	Jun-80	50	13309	Eff trans stat-JNC vert turb pump	645.61	189.71	12.91	202.62	442.99	Effluent
	Jun-80	50	13304	Eff trans stat-JNC vert turb pump	7,331.00	1,998.40	146.62	2,145.02	5,185.98	Effluent
	Jun-80	50	13309	Eff trans stat-JNC yard pipe & app	484.89	142.48	9.70	152.18	332.71	Effluent
	Jun-82	45	13309	Golf irr Player course	20.27	5.89	0.45	6.34	13.93	Effluent
	Jun-82	45	13309	Golf irr Nicklaus course	20.27	5.89	0.45	6.34	13.93	Effluent
	Jun-82	45	13305	Golf irr Nicklaus course	230.20	62.37	5.12	67.48	162.72	Effluent
	Jun-82	45	13305	Golf irr Player course	230.20	62.37	5.12	67.48	162.72	Effluent
	Jan-84	45	13307	WW treatment 14" & 18" dia. eff	538,795.27	137,823.61	11,973.23	149,796.84	388,998.43	Effluent
	Jan-85	45	13307	WW treatment 14" & 18" dia. eff	538,795.27	120,499.73	11,973.23	132,472.96	406,322.31	Effluent
	Jan-87	45	13307	WW treatment 14" & 18" dia. eff	170,601.46	32,875.46	3,791.14	36,666.60	133,934.86	Effluent
	Jan-90	45	13309	Eff trans Links course appurt.	1,886.91	277.40	41.93	319.33	1,567.58	Effluent
	Jan-90	45	13307	Eff trans Links course appurt.	21,426.19	3,065.51	476.14	3,541.65	17,884.54	Effluent
	Jan-90	45	13307	Eff trans Links course 12" dia.	75,429.28	10,791.92	1,676.21	12,468.13	62,961.15	Effluent
	Jan-90	45	13307	Eff trans Links course 8" dia.	117,140.10	16,759.64	2,603.11	19,362.75	97,777.35	Effluent
	Jan-90	45	13309	Eff trans Links course 12" dia.	6,642.74	976.53	147.62	1,124.15	5,518.59	Effluent
	Jan-90	45	13305	Eff trans Links course wells	1,587.50	227.13	35.28	262.41	1,325.09	Effluent
	Jan-90	45	13309	Eff trans Links course wells	139.80	20.55	3.11	23.66	116.14	Effluent
	Jan-90	45	13309	Eff trans Links course 8" dia.	10,316.03	1,516.53	229.25	1,745.77	8,570.26	Effluent
	Dec-93	20	13302	Sewer Transfer Motor	4,142.48	638.63	207.12	845.76	3,296.72	Effluent
	Aug-94	20	13302	60HP Transfer Motor / flange sealing	5,413.80	631.61	270.69	902.30	4,511.50	Effluent
	Sep-95	20	13304	Transfer pump	13,992.00	932.80	699.60	1,632.40	12,359.60	Effluent
	Jun-96	20	13307	10" Effluent meter	7,150.00	178.75	357.50	536.25	6,613.75	Effluent
	Dec-96	45	13309	Effluent meter	1,413.08	0.00	31.40	31.40	1,381.68	Effluent
Totals				**Effluent**	**1,591,926**	**348,352**	**36,059**	**384,411**	**1,207,515**	**Totals**

KIAWAH ISLAND UTILITY

ID	Date	Life	Acct #	Description	Cost	12/31/96 Accum Deprec.	1997 Expense	12/31/97 Accum Deprec.	12/31/97 Book Value	
		N/A	13201	Land	95,801.95	0.00	0.00	0.00	95,801.95	General
13211-1	Jan-75	50	13211	Fencing	10,000.00	3,469.47	200.00	3,669.47	6,330.53	General
13211-2	Jan-82	45	13211	Equipment	139,550.00	38,029.39	3,101.11	41,130.50	98,419.50	General
13212-1	Jan-82	45	13212	Office Equipment	46,600.00	12,699.17	1,035.56	13,734.72	32,865.28	General
13211-3	Jan-82	45	13211	Lab equipment	11,770.00	3,207.50	261.56	3,469.05	8,300.95	General
13211-4	Jan-82	45	13211	Grassing	3,000.00	817.54	66.67	884.21	2,115.79	General
	Jan-91	5	13312	Motorola Radio	324.97	324.97	0.00	324.97	0.00	General
	Jan-91	5	13311	Tilt Trailer	1,207.50	1,207.50	0.00	1,207.50	0.00	General
13212-2	Jan-91	5	13212	GX82 Monitor	1,075.53	1,075.53	0.00	1,075.53	0.00	General
	Jan-91	5	13312	GX82 Monitor	1,075.53	1,075.53	0.00	1,075.53	0.00	General
13211-5	Apr-91	5	13211	Generator	9,000.00	9,900.00	(900.00)	9,000.00	0.00	General
	Apr-91	5	13311	Generator	9,000.00	9,000.00	0.00	9,000.00	0.00	General
13212-3	Apr-91	5	13212	Compaq Computer	2,386.20	2,386.20	0.00	2,386.20	0.00	General
	Apr-91	5	13312	Compaq Computer	2,386.20	2,386.20	0.00	2,386.20	0.00	General
	May-91	30	13302	Shop Building	73,488.57	13,473.10	2,449.62	15,922.71	57,565.86	General
13212-6	May-91	5	13212	Lab Equipment	13,540.92	13,540.92	0.00	13,540.92	0.00	General
13212-5	May-91	5	13212	Fixtures	5,052.75	5,052.75	0.00	5,052.75	0.00	General
	May-91	5	13312	Lab Equipment	13,540.92	13,540.92	0.00	13,540.92	0.00	General
	May-91	5	13312	Fixtures	5,052.75	5,052.75	0.00	5,052.75	0.00	General
13202-17	May-91	30	13202	Administrative Building	141,450.92	25,933.15	4,715.03	30,648.18	110,802.74	General
	May-91	30	13302	Administrative Building	141,450.92	26,776.15	4,715.03	31,491.18	109,959.74	General
	May-91	5	13312	Appliances	1,116.46	1,116.46	0.00	1,116.46	0.00	General
13202-18	May-91	30	13202	Shop Building	73,488.57	13,473.10	2,449.62	15,922.71	57,565.86	General
13212-4	May-91	5	13212	Appliances	1,116.46	1,116.46	0.00	1,116.46	0.00	General
	May-91	5	13312	Mats	156.45	156.45	0.00	156.45	0.00	General
13212-8	May-91	5	13212	3 File Cabinets	638.20	638.20	0.00	638.20	0.00	General
	May-91	5	13312	3 File Cabinets	638.20	638.20	0.00	638.20	0.00	General
13212-7	May-91	5	13212	Mats	156.45	156.45	0.00	156.45	0.00	General
13212-9	May-91	5	13212	Furniture	2,252.40	2,252.40	0.00	2,252.40	0.00	General
13212-10	May-91	5	13212	Tape Back-up	271.43	271.43	0.00	271.43	0.00	General
	May-91	5	13312	Furniture	2,252.40	2,252.40	0.00	2,252.40	0.00	General
	May-91	5	13312	Tape Back-up	271.43	271.43	0.00	271.43	0.00	General
	Jun-91	5	13312	Work Station	364.87	364.87	0.00	364.87	0.00	General
13212-11	Jun-91	5	13212	Work Station	364.87	364.87	0.00	364.87	0.00	General
13212-12	Aug-91	5	13212	Flymower	429.91	429.91	0.00	429.91	0.00	General
	Aug-91	5	13313	Chevy Pick-up	9,831.87	9,831.87	0.00	9,831.87	0.00	General
13213-1	Aug-91	5	13213	Chevy Pick-up	9,831.87	9,831.87	0.00	9,831.87	0.00	General
	Aug-91	5	13312	Flymower	429.91	429.91	0.00	429.91	0.00	General
	Sep-91	5	13312	U-pump	1,537.00	1,537.00	0.00	1,537.00	0.00	General
13212-13	Sep-91	5	13212	U-dump	1,537.00	1,537.00	0.00	1,537.00	0.00	General
	Nov-91	5	13312	Copier	3,134.95	3,134.95	0.00	3,134.95	0.00	General
13212-14	Nov-91	5	13212	Copier	3,134.95	3,134.95	0.00	3,134.95	0.00	General
13212-15	Dec-91	5	13212	Training Monitor	153.68	153.68	0.00	153.68	0.00	General
	Dec-91	5	13312	Training Monitor	153.68	153.68	0.00	153.68	0.00	General
	May-92	5	13313	89 Chev Truck	3,410.95	3,410.95	0.00	3,410.95	0.00	General
13213-2	May-92	5	13213	89 Chev Truck	3,410.95	3,410.95	0.00	3,410.95	0.00	General
13212-16	Jun-92	5	13212	286 Compaq and monitor	1,589.47	1,589.47	0.00	1,589.47	0.00	General
	Jun-92	5	13312	286 Compaq and monitor	1,589.47	1,589.47	0.00	1,589.47	0.00	General
	Jul-92	5	13312	386s Compaq and monitor	1,377.47	1,377.47	0.00	1,377.47	0.00	General
13212-17	Jul-92	5	13212	386s Compaq and monitor	1,377.47	1,377.47	0.00	1,377.47	0.00	General
	Oct-92	5	13312	Upgrade AS400	8,609.32	8,609.32	0.00	8,609.32	0.00	General
13212-18	Oct-92	5	13212	Upgrade AS400	8,609.32	8,609.32	0.00	8,609.32	0.00	General
13212-19	Oct-92	5	13212	2 Motorola Radios & Installation	628.38	628.38	0.00	628.38	0.00	General
	Oct-92	5	13312	2 Motorola Radios & Installation	628.37	628.37	0.00	628.37	0.00	General
13207-00	Dec-92	45	13207	Assets disallowed by PSC	(445,830.00)	(54,494.89)	(9,907.33)	(64,402.22)	(381,427.78)	General
	Dec-92	45.00	13307	Disallowed assets	(445,830.00)	(54,494.89)	(9,907.33)	(64,402.22)	(381,427.78)	General
13213-3	Mar-93	5	13213	Isuzu 93	9,750.00	7,312.50	1,950.00	9,262.50	487.50	General
	Mar-93	5	13313	Isuzu 93	9,750.00	7,312.50	1,950.00	9,262.50	487.50	General
	Mar-93	5	13312	Motorola & Antennae	332.14	265.71	66.43	332.14	0.00	General
13212-20	Mar-93	5	13212	Motorola & antennae	332.15	249.11	66.43	315.54	16.61	General
	Jun-93	5	13312	As400 Conversion	5,197.87	3,638.51	1,039.57	4,678.08	519.79	General
13212-21	Jun-93	5	13212	AS400 upgrade and conversion	5,197.87	3,638.51	1,039.57	4,678.08	519.79	General
	Sep-93	10	13311	10,000 BTU Heater	316.94	103.01	31.69	134.70	182.24	General
13211-6	Sep-93	10	13211	10,000 BTU Heater	316.94	103.01	31.69	134.70	182.24	General
13205-6	Oct-93	20	13205	Homelite Trashpump	1,050.00	166.25	52.50	218.75	831.25	General
	Oct-93	20	13305	Homelite Trash pump	1,050.00	166.25	52.50	218.75	831.25	General
13211-7	Oct-93	20	13211	Lab Equipment	4,000.00	633.33	200.00	833.33	3,166.67	General
13212-22	Oct-93	5	13212	B&C 486dx50 & Laser printer	4,250.60	2,692.05	850.12	3,542.17	708.43	General
	Dec-93	5	13313	Vehicl Radio	247.96	152.91	49.59	202.50	45.46	General
13213-4	Dec-93	5	13213	Radio Vehicle	247.96	152.91	49.59	202.50	45.46	General
	Dec-93	5	13313	Chevy S-10 94	6,850.00	4,224.17	1,370.00	5,594.17	1,255.83	General
13213-5	Dec-93	5	13213	Chevy S-10 94	6,850.00	4,224.17	1,370.00	5,594.17	1,255.83	General
	Jan-94	5	13312	B & C 486 dx2/50 Computer & Monito	951.35	570.81	190.27	761.08	190.27	General
	Jan-94	5	13312	Rumba / PC Support	1,205.75	723.45	241.15	964.60	241.15	General
13212-24	Jan-94	5	13212	Rumba / PC Support	1,205.75	723.45	241.15	964.60	241.15	General
13212-23	Jan-94	5	13212	B & C 486 dx2/50 Computer & Monito	951.35	570.81	190.27	761.08	190.27	General
	Jun-94	5	13312	Scanner	2,110.70	1,055.35	422.14	1,477.49	633.21	General
13212-25	Jun-94	5	13212	Scanner	2,110.70	1,055.35	422.14	1,477.49	633.21	General
	Jun-94	5	13312	IBM4230 Printer	2,647.35	1,323.68	529.47	1,853.15	794.21	General
13212-26	Jun-94	5	13212	IBM4230 Printer	2,647.35	1,323.68	529.47	1,853.15	794.21	General
	Aug-94	5	13312	B & C 486 dx4/100	1,272.00	593.60	254.40	848.00	424.00	General
13212-27	Aug-94	5	13212	B & C 486 dx4/100	1,272.00	593.60	254.40	848.00	424.00	General
	Feb-95	5	13312	HP560C	265.00	101.58	53.00	154.58	110.42	General
	Feb-95	5	13212	HP 560C	265.00	101.58	53.00	154.58	110.42	General
	Jun-95	5	13312	Fax Machine	318.00	95.40	63.60	159.00	159.00	General
	Jun-95	5	13212	Fax Machine	318.00	95.40	63.60	159.00	159.00	General
13202-21	Aug-95	10	13202	Gate/Fencing & Security System	13,890.38	1,852.05	1,389.04	3,241.09	10,649.29	General
	Aug-95	10	13302	Gate/Fencing & Security System	13,890.38	1,852.05	1,389.04	3,241.09	10,649.29	General
	Aug-95	5	13212	Flip Phone	499.20	133.12	99.84	232.96	266.24	General

KIAWAH ISLAND UTILITY

ID	Date	Life	Acct #	Description	Cost	12/31/96 Accum Deprec.	1997 Expense	12/31/97 Accum Deprec.	12/31/97 Book Value	
	Aug-95	5	13312	Flip Phone	499.18	133.12	99.84	232.95	266.23	General
	Aug-95	5	13212	Safe	111.29	29.68	22.26	51.94	59.35	General
	Aug-95	5	13312	Safe	111.30	29.68	22.26	51.94	59.36	General
	Aug-95	5	13213	95 GMC Truck	9,283.65	2,475.64	1,856.73	4,332.37	4,951.28	General
	Aug-95	5	13313	95 GMC Truck	9,283.64	2,475.64	1,856.73	4,332.37	4,951.27	General
	Nov-95	5	13312	Radio Upgrade	292.87	68.34	58.57	126.91	165.96	General
	Nov-95	5	13212	Radio Upgrade	292.88	68.34	58.58	126.91	165.97	General
	Nov-95	5	13312	File Cabinet	275.60	59.71	55.12	114.83	160.77	General
	Nov-95	5	13212	File Cabinet	275.59	59.71	55.12	114.83	160.76	General
	Dec-95	5	13213	Caterpiller Tractor	18,650.00	4,040.83	3,730.00	7,770.83	10,879.17	General
	Dec-95	5	13313	Caterpiller Tractor	18,650.00	4,040.83	3,730.00	7,770.83	10,879.17	General
	Jan-96	20	13211	Land Improvements	13,260.77	663.04	663.04	1,326.08	11,934.69	General
	Jan-96	20	13311	Landscape Improvement	13,260.77	663.04	663.04	1,326.08	11,934.69	General
	Apr-96	5	13212	Mobile Radio	403.05	60.46	80.61	141.07	261.98	General
	May-96	5	13213	John Deere	2,500.00	333.33	500.00	833.33	1,666.67	General
	May-96	5	13313	John Deere	2,500.00	333.33	500.00	833.33	1,666.67	General
	Jun-96	10	13211	Generator Sora Rail Road	32,772.62	1,638.63	3,277.26	4,915.89	27,856.73	General
	Sep-96	5	13312	IBM 90mhz pentium /Dock Station Mo	3,296.11	219.74	659.22	878.96	2,417.15	General
	Sep-96	5	13212	IBM 90mhz pentium /Dock Station Mo	3,296.11	219.74	659.22	878.96	2,417.15	General
	Nov-96	5	13312	IBM 133mhz pentium / Dock Station	3,222.49	107.42	644.50	751.91	2,470.58	General
	Nov-96	5	13212	IBM 133mhz pentium / Dock Station	3,222.49	107.42	644.50	751.91	2,470.58	General
	Jan-97	10	13205	Mudhog pump	678.40	0.00	62.19	62.19	616.21	General
	Jan-97	10	13304	Mudhog pump	678.40	0.00	62.19	62.19	616.21	General
	Jan-97	5	13213	Trailer 7' by 12'	1,309.10	0.00	240.00	240.00	1,069.10	General
	Jan-97	5	13313	Trailer 7' by 12'	1,309.10	0.00	240.00	240.00	1,069.10	General
	Mar-97	5	13312	Phone system	4,879.27	0.00	731.89	731.89	4,147.38	General
	Mar-97	5	13212	Phone system	4,879.27	0.00	731.89	731.89	4,147.38	General
	Jun-97	5	13212	Antenna Tower	1,335.07	0.00	133.51	133.51	1,201.56	General
	Jun-97	5	13312	Antenna Tower	1,335.07	0.00	133.51	133.51	1,201.56	General
	Aug-97	5	13212	Scanner	600.00	0.00	40.00	40.00	560.00	General
	Oct-97	5	13313	97 Dodge Truck & Bedliner & Bench	12,374.07	0.00	412.47	412.47	11,961.60	General
	Oct-97	5	13213	97 Dodge Truck & Bedliner & Bench	12,374.07	0.00	412.47	412.47	11,961.60	General
	Jan-98	5	13312	AS/400 Upgrade	5,760.04	0.00	0.00	0.00	5,760.04	General
	Jan-98	5	13212	AS/400 Upgrade	5,760.04	0.00	0.00	0.00	5,760.04	General
Totals				**General**	**269,883**	**230,065**	**37,872**	**267,937**	**1,946**	**Totals**

KIAWAH ISLAND UTILITY

ID	Date	Life	Acct #	Description	Cost	12/31/96 Accum Deprec.	1997 Expense	12/31/97 Accum Deprec.	12/31/97 Book Value	
	Dec-74	50	13302	Temporary S.T.P.-Kiawah Resort	60,525.58	20,999.17	1,210.51	22,209.68	38,315.90	Sewer
	Dec-74	50	13307	4" Dia. Effluent FM-Kiawah Resort	5,418.48	1,866.73	108.37	1,975.10	3,443.38	Sewer
	Dec-74	50	13309	4" Dia. Effluent FM-Kiawah Resort	477.18	178.76	9.54	188.30	288.88	Sewer
	Dec-74	50	13309	Temporary S.T.P.-Kiawah Resort	5,330.23	1,849.30	106.60	1,955.91	3,374.32	Sewer
	Jun-75	50	13309	Resort 1450'-6" dia.	414.97	155.45	8.30	163.75	251.22	Sewer
	Jun-75	50	13307	Resort 1450'-6" dia.	4,712.00	1,623.34	94.24	1,717.58	2,994.42	Sewer
	Jun-75	50	13309	Resort lift stat. #2	3,479.13	1,207.07	69.58	1,276.66	2,202.47	Sewer
	Jun-75	50	13302	Resort lift stat. #2	39,506.00	13,706.49	790.12	14,496.61	25,009.39	Sewer
	Feb-76	50	13309	Middlewoods 1725'-2" FM	334.21	119.80	6.68	126.49	207.72	Sewer
	Feb-76	50	13309	Middlewoods lift stat. No. 4	528.39	175.65	10.57	186.22	342.17	Sewer
	Feb-76	50	13302	Middlewoods lift stat. No. 4	6,000.00	1,994.52	120.00	2,114.52	3,885.48	Sewer
	Feb-76	50	13307	Middlewoods 1725'-2" FM	3,795.00	1,252.83	75.90	1,328.73	2,466.27	Sewer
	Mar-76	50	13309	Golf maint. bldg. lift stat. No. 5	1,144.85	380.58	22.90	403.47	741.38	Sewer
	Mar-76	50	13309	Golf maint. bldg. 700'-2" dia.	135.62	48.62	2.71	51.33	84.29	Sewer
	Mar-76	50	13302	Golf maint. bldg. lift stat. No. 5	13,000.00	4,321.47	260.00	4,581.47	8,418.53	Sewer
	Mar-76	50	13307	Golf maint. bldg. 700'-2" dia.	1,540.00	508.39	30.80	539.19	1,000.81	Sewer
	Apr-76	50	13309	Middlewoods W. sewage treatment	9,737.99	3,237.11	194.76	3,431.87	6,306.12	Sewer
	Apr-76	50	13309	Middlewood 2377-12" grav. sewer	3,062.87	1,097.87	61.26	1,159.12	1,903.75	Sewer
	Apr-76	50	13302	Middlewoods W. sewage treatment	110,576.37	36,757.88	2,211.53	38,969.40	71,606.97	Sewer
	Apr-76	50	13309	Middlewood lift stat. No. 1	2,992.31	994.70	59.85	1,054.55	1,937.76	Sewer
	Apr-76	50	13309	Middlewood 5213'-10" dia. FM	2,984.06	1,069.63	59.68	1,129.31	1,854.75	Sewer
	Apr-76	50	13307	Middlewood 2377-12" grav. sewer	34,779.36	11,481.68	695.59	12,177.26	22,602.10	Sewer
	Apr-76	50	13302	Middlewood lift stat. No. 1	33,978.13	11,295.03	679.56	11,974.60	22,003.53	Sewer
	Apr-76	50	13307	Middlewood 5213'-10" dia. FM	33,884.50	11,186.25	677.69	11,863.94	22,020.56	Sewer
	Apr-77	50	13307	Oceanwood Ph I 1000'-3" dia.	2,500.00	789.36	50.00	839.36	1,660.64	Sewer
	Apr-77	50	13309	Oceanwood Ph I 1000'-3" dia.	220.16	75.37	4.40	79.77	140.39	Sewer
	Apr-77	50	13309	Oceanwood Ph I lift stat. No. 10	1,320.99	419.94	26.42	446.36	874.63	Sewer
	Apr-77	50	13302	Oceanwood Ph I lift stat. No. 10	15,000.00	4,768.42	300.00	5,068.42	9,931.58	Sewer
	May-77	50	13307	Middlewoods 670'-3" dia.	2,546.00	803.88	50.92	854.80	1,691.20	Sewer
	May-77	50	13309	Middlewoods E. 2250'-4" dia.	941.20	322.17	18.82	340.99	600.21	Sewer
	May-77	50	13302	Middlewoods E. lift stat No. 9	16,467.04	5,234.78	329.34	5,564.12	10,902.92	Sewer
	May-77	50	13302	Middlewoods lift stat. No. 3	9,580.00	3,045.43	191.60	3,237.03	6,342.97	Sewer
	May-77	50	13307	Middlewoods E. 2250'-4" dia.	10,687.50	3,374.53	213.75	3,588.28	7,099.22	Sewer
	May-77	50	13309	Middlewoods E. lift stat No. 9	1,450.18	461.01	29.00	490.01	960.17	Sewer
	May-77	50	13309	Middlewoods 670'-3" dia.	224.22	76.75	4.48	81.24	142.98	Sewer
	May-77	50	13309	Middlewoods lift stat. No. 3	843.67	268.20	16.87	285.07	558.60	Sewer
	Jul-77	50	13309	Middlewoods E. lift stat. No. 8	1,453.08	461.93	29.06	490.99	962.09	Sewer
	Jul-77	50	13302	Middlewoods E. lift stat. No. 8	16,500.00	5,245.26	330.00	5,575.26	10,924.74	Sewer
	Jul-77	50	13309	Middlewoods E. 56'-4" dia.	19.73	6.75	0.39	7.15	12.58	Sewer
	Jul-77	50	13307	Middlewoods E. 56'-4" dia.	224.00	70.73	4.48	75.21	148.79	Sewer
	Nov-77	50	13304	Aerated Lagoon exp-electrical	25,705.86	7,746.79	514.12	8,260.90	17,444.96	Sewer
	Nov-77	50	13309	Aerated Lagoon exp-improvements	2,622.99	795.73	52.46	848.19	1,774.80	Sewer
	Nov-77	50	13302	Beachwalker Dr. lift stat. No. 6	17,000.00	5,157.26	340.00	5,497.26	11,502.74	Sewer
	Nov-77	50	13309	Beachwalker 3700'-8" dia.	2,199.44	717.32	43.99	761.31	1,438.13	Sewer
	Nov-77	50	13307	Beachwalker 3700'-8" dia.	24,975.00	7,526.54	499.50	8,026.04	16,948.96	Sewer
	Nov-77	50	13306	Aerated Lagoon exp-Chlorine bldg	132.74	39.99	2.65	42.65	90.09	Sewer
	Nov-77	50	13309	Aerated Lagoon exp-Chlorine bldg	11.69	3.82	0.23	4.05	7.64	Sewer
	Nov-77	50	13309	Aerated Lagoon exp-electrical	2,263.81	738.32	45.28	783.60	1,480.21	Sewer
	Nov-77	50	13309	Beachwalker Dr. lift stat. No. 6	1,497.12	454.18	29.94	484.12	1,013.00	Sewer
	Nov-77	50	13302	Aerated Lagoon exp-improvements	29,784.47	9,035.66	595.69	9,631.35	20,153.12	Sewer
	Jan-78	50	13302	Oyster Rake lift stat No. 11	12,000.00	3,640.42	240.00	3,880.42	8,119.58	Sewer
	Jan-78	50	13309	Fairway Oaks 410'-10" grav. sewer	451.34	147.20	9.03	156.23	295.11	Sewer
	Jan-78	50	13309	Oyster Rake lift stat No. 11	1,056.79	320.60	21.14	341.73	715.06	Sewer
	Jan-78	50	13307	8440'-12"dia. eff FM, Parkway, GD,	72,415.20	21,823.25	1,448.30	23,271.55	49,143.65	Sewer
	Jan-78	50	13309	Oyster Rake 550'-3" Dia.	121.09	39.50	2.42	41.92	79.17	Sewer
	Jan-78	50	13309	8440'-12"dia. eff FM, Parkway, GD,	6,377.30	2,079.89	127.55	2,207.44	4,169.86	Sewer
	Jan-78	50	13307	Oyster Rake 550'-3" Dia.	1,375.00	414.37	27.50	441.87	933.13	Sewer
	Jan-78	50	13307	Fairway Oaks 410'-10" grav. sewer	5,125.00	1,544.48	102.50	1,646.98	3,478.02	Sewer
	Oct-78	50	13309	Plan. Woods 433 10940'-12" dia.	8,189.23	2,670.82	163.78	2,834.61	5,354.62	Sewer
	Oct-78	50	13302	Plan. Woods 433 lift stat No. 13	48,000.00	14,561.67	960.00	15,521.67	32,478.33	Sewer
	Oct-78	50	13309	Vander Beach 425 lift stat. No. 14	3,638.88	1,103.92	72.78	1,176.70	2,462.18	Sewer
	Oct-78	50	13307	Plan. Woods 433 10940'-12" dia.	92,990.00	28,023.73	1,859.80	29,883.53	63,106.47	Sewer
	Oct-78	50	13307	Vander Beach 425 36'-8" dia.	468.00	141.03	9.36	150.39	317.61	Sewer
	Oct-78	50	13309	Vander Beach 425 36'-8" dia.	41.21	13.45	0.82	14.28	26.93	Sewer
	Oct-78	50	13309	Vander Beach 425 3450'-8" dia.	1,822.96	594.55	36.46	631.01	1,191.95	Sewer
	Oct-78	50	13309	Plan. Woods 433 lift stat No. 13	4,227.16	1,282.39	84.54	1,366.93	2,860.23	Sewer
	Oct-78	50	13307	Vander Beach 425 3450'-8" dia.	20,700.00	6,238.20	414.00	6,652.20	14,047.80	Sewer
	Oct-78	50	13309	Vander Beach 425 2735'-10"grav.sew	3,010.75	981.93	60.22	1,042.14	1,968.61	Sewer
	Oct-78	50	13302	Vander Beach 425 lift stat. No. 14	41,320.00	12,535.17	826.40	13,361.57	27,958.43	Sewer
	Oct-78	50	13309	Vander Beach 425 108'-10"	190.22	62.04	3.80	65.85	124.37	Sewer
	Oct-78	50	13307	Vander Beach 425 108'-10"	2,160.00	650.94	43.20	694.14	1,465.86	Sewer
	Oct-78	50	13307	Vander Beach 425 2735'-10"grav.sew	34,187.50	10,302.84	683.75	10,986.59	23,200.91	Sewer
	Dec-78	50	13307	Courtside Villas 40'-1.5" dia.	80.00	22.96	1.60	24.56	55.44	Sewer
	Dec-78	50	13309	Courtside Villas 40'-1.5" dia.	7.05	2.19	0.14	2.33	4.72	Sewer
	Dec-78	50	13302	Courtside Villas lift stat No. 12	13,000.00	3,754.94	260.00	4,014.94	8,985.06	Sewer
	Dec-78	50	13309	Courtside Villas lift stat No. 12	1,144.85	330.69	22.90	353.58	791.27	Sewer
	May-79	50	13307	Plan Woods S. 1775'-12" grav.sewer	42,955.00	12,327.22	859.10	13,186.32	29,768.68	Sewer
	May-79	50	13302	Plan Woods S. lift stat. No. 17	13,000.00	3,754.94	260.00	4,014.94	8,985.06	Sewer
	May-79	50	13302	Plan Woods S. lift stat. No. 16	30,000.00	8,665.26	600.00	9,265.26	20,734.74	Sewer
	May-79	50	13309	Plan Woods S. 1600'-4" dia.	605.89	187.82	12.12	199.94	405.95	Sewer
	May-79	50	13309	Plan Woods S. lift stat. No. 16	2,641.97	763.11	52.84	815.95	1,826.02	Sewer
	May-79	50	13307	Plan Woods S. 1600'-4" dia.	6,880.00	1,974.42	137.60	2,112.02	4,767.98	Sewer
	May-79	50	13309	Plan Woods S. 1775'-12" grav.sewer	3,782.86	1,172.64	75.66	1,248.29	2,534.57	Sewer
	May-79	50	13309	Plan Woods S. 155'-2" dia.	30.03	9.31	0.60	9.91	20.12	Sewer
	May-79	50	13307	Plan Woods S. 155'-2" dia.	341.00	97.86	6.82	104.68	236.32	Sewer
	May-79	50	13309	Plan Woods S. lift stat. No. 17	1,144.85	330.69	22.90	353.58	791.27	Sewer
	Jun-79	50	13309	Inlet Cove PhII lift stat No. 7	1,585.18	457.87	31.70	489.57	1,095.61	Sewer
	Jun-79	50	13309	Inlet Cove PhII 1240'-4" dia.	436.81	135.41	8.74	144.15	292.66	Sewer
	Jun-79	50	13307	Inlet Cove PhII 1240'-4" dia.	4,960.00	1,423.41	99.20	1,522.61	3,437.39	Sewer

KIAWAH ISLAND UTILITY

ID	Date	Life	Acct #	Description	Cost	12/31/96 Accum Deprec.	1997 Expense	12/31/97 Accum Deprec.	12/31/97 Book Value	
	Jun-79	50	13302	Inlet Cove PhII lift stat No. 7	18,000.00	5,199.15	360.00	5,559.15	12,440.85	Sewer
	Oct-79	50	13302	MW Villas lift stat. No. 15	30,000.00	8,665.26	600.00	9,265.26	20,734.74	Sewer
	Oct-79	50	13309	MW Villas 1575'-8" dia.	1,019.47	316.03	20.39	336.42	683.05	Sewer
	Oct-79	50	13307	MW Villas 1575'-8" dia.	11,576.25	3,322.15	231.53	3,553.67	8,022.58	Sewer
	Oct-79	50	13309	MW Villas lift stat. No. 15	2,641.97	763.11	52.84	815.95	1,826.02	Sewer
	Dec-79	50	13307	Irr JNC fittings & appurt.	1,512.50	412.30	30.25	442.55	1,069.95	Sewer
	Dec-79	50	13309	Irr JNC fittings & appurt.	133.20	39.14	2.66	41.80	91.40	Sewer
	Dec-80	50	13302	MI Woods PhII lift stat. No. 20	35,000.00	9,092.62	700.00	9,792.62	25,207.38	Sewer
	Dec-80	50	13309	MI Woods PhI lift stat. No. 19	3,082.30	800.75	61.65	862.40	2,219.90	Sewer
	Dec-80	50	13309	MI Woods PhI 4000'-8" dia.	2,589.13	718.95	51.78	770.74	1,818.39	Sewer
	Dec-80	50	13307	MI Woods PhI 4000'-8" dia.	29,400.00	7,591.48	588.00	8,179.48	21,220.52	Sewer
	Dec-80	50	13309	MI Woods PhII lift stat. No. 20	3,082.30	800.75	61.65	862.40	2,219.90	Sewer
	Dec-80	50	13309	MI Woods PhII 1325'-6" dia.	641.78	178.22	12.84	191.05	450.73	Sewer
	Dec-80	50	13307	MI Woods PhII 1325'-6" dia.	7,287.50	1,881.72	145.75	2,027.47	5,260.03	Sewer
	Dec-80	50	13302	MI Woods PhI lift stat. No. 19	35,000.00	9,092.62	700.00	9,792.62	25,207.38	Sewer
	Feb-81	50	13307	Sora Rail 680'-4" dia.	2,924.00	755.01	58.48	813.49	2,110.51	Sewer
	Feb-81	50	13302	Sora Rail lift stat. no. 18	30,000.00	7,793.68	600.00	8,393.68	21,606.32	Sewer
	Feb-81	50	13309	Sora Rail 680'-4" dia.	257.50	71.51	5.15	76.66	180.84	Sewer
	Feb-81	50	13309	Sora Rail lift stat. no. 18	2,641.97	686.36	52.84	739.20	1,902.77	Sewer
	Apr-81	50	13309	Windswept V. PhI 410'-10" grav sew	960.45	266.71	19.21	285.91	674.54	Sewer
	Apr-81	50	13307	Windswept V. PhI 410'-10" grav sew	10,906.00	2,816.07	218.12	3,034.19	7,871.81	Sewer
	Aug-81	45	13309	Windswept V. PhII 595'-10"grav sew	1,393.82	402.53	30.97	433.50	960.32	Sewer
	Aug-81	45	13307	Windswept V. PhII 595'-10"grav sew	15,827.00	4,262.60	351.71	4,614.31	11,212.69	Sewer
	Nov-81	50	13302	Parkside lift stat No. 21	30,000.00	7,357.89	600.00	7,957.89	22,042.11	Sewer
	Nov-81	50	13309	Parkside lift stat No. 21	2,641.97	647.98	52.84	700.82	1,941.15	Sewer
	Nov-81	50	13307	Parkside 1330'-4" dia.	5,219.00	1,272.54	104.38	1,376.92	3,842.08	Sewer
	Nov-81	50	13309	Parkside 1330'-4" dia.	459.62	120.21	9.19	129.40	330.22	Sewer
	Feb-82	45	13307	TC Villas 4200'-6" dia.	23,100.00	6,258.32	513.33	6,771.65	16,328.35	Sewer
	Feb-82	45	13309	TC Villas 4200'-6" dia.	2,034.32	591.15	45.21	636.35	1,397.97	Sewer
	Feb-82	45	13302	TC Villas lift stat. No. 23	35,000.00	8,973.09	777.78	9,750.87	25,249.13	Sewer
	Feb-82	45	13309	TC Villas lift stat. No. 23	3,082.30	790.22	68.50	858.71	2,223.59	Sewer
	May-82	45	13309	Windswept V. PhV 571'-10"grav sew	1,337.60	388.69	29.72	418.42	919.18	Sewer
	May-82	45	13307	Windswept V. PhV 571'-10"grav sew	15,188.60	4,114.93	337.52	4,452.46	10,736.14	Sewer
	Sep-82	45	13309	Comm Bldg.-lift stat. No. 22	1,144.85	293.51	25.44	318.95	825.90	Sewer
	Sep-82	45	13307	Comm Bldg.- 40'-1.5"	80.00	21.67	1.78	23.45	56.55	Sewer
	Sep-82	45	13302	Comm Bldg.-lift stat. No. 22	13,000.00	3,332.86	288.89	3,621.75	9,378.25	Sewer
	Sep-82	45	13309	Comm Bldg.- 40'-1.5"	7.05	2.05	0.16	2.21	4.84	Sewer
	Jul-83	45	13302	Town Center lift stat No. 24	30,000.00	7,691.22	666.67	8,357.89	21,642.11	Sewer
	Jul-83	45	13309	Town Center lift stat No. 24	2,641.97	677.33	58.71	736.04	1,905.93	Sewer
	Jul-83	45	13307	Town Center 735'-4" dia.	3,160.50	805.74	70.23	875.97	2,284.53	Sewer
	Jul-83	45	13309	Town Center 735'-4" dia.	278.33	75.89	6.19	82.07	196.26	Sewer
	Jan-84	45	13309	WW treatment	50,945.92	13,137.55	1,132.13	14,269.68	36,676.24	Sewer
	May-84	45	13302	Loop Rd. 428/429 lift stat No 25	35,000.00	8,973.09	777.78	9,750.87	25,249.13	Sewer
	May-84	45	13309	Loop Rd. 428/429 1900'-4" dia	1,323.54	360.85	29.41	390.26	933.28	Sewer
	May-84	45	13307	Loop Rd. 428/429 1900'-4" dia	15,029.00	3,831.52	333.98	4,165.50	10,863.50	Sewer
	May-84	45	13309	Loop Rd. 428/429 lift stat No 25	3,082.30	790.22	68.50	858.71	2,223.59	Sewer
	May-84	45	13309	Loop Rd. 428/429 90'-4" dia.	317.04	86.44	7.05	93.48	223.56	Sewer
	May-84	45	13307	Loop Rd. 428/429 90'-4" dia.	3,600.00	917.79	80.00	997.79	2,602.21	Sewer
	Jan-85	45	13309	WW treatment	50,945.92	11,657.39	1,132.13	12,789.52	38,156.40	Sewer
	Jan-86	45	13307	WW treatment	538,795.26	111,837.78	11,973.23	123,811.01	414,984.25	Sewer
	Jan-86	45	13309	WW treatment	50,945.92	10,800.72	1,132.13	11,932.85	39,013.07	Sewer
	Jan-87	45	13309	WW treatment	51,080.88	9,970.16	1,135.13	11,105.29	39,975.59	Sewer
	Jan-87	45	13307	WW treatment	361,585.02	69,678.62	8,035.22	77,713.84	283,871.18	Sewer
	May-87	45	13309	Flyway Dr lift stat No. 27	4,227.16	810.82	93.94	904.76	3,322.40	Sewer
	May-87	45	13309	Flyway Dr 1250'-4" dia.	440.33	88.45	9.79	98.23	342.10	Sewer
	May-87	45	13302	Flyway Dr lift stat No. 26	48,000.00	9,207.01	1,066.67	10,273.68	37,726.32	Sewer
	May-87	45	13309	Flyway Dr 1600'-4" dia	845.43	169.81	18.79	188.59	656.84	Sewer
	May-87	45	13307	Flyway Dr 1250'-4" dia.	5,000.00	955.08	111.11	1,066.19	3,933.81	Sewer
	May-87	45	13309	Flyway Dr lift stat No. 26	4,227.16	810.82	93.94	904.76	3,322.40	Sewer
	May-87	45	13307	Flyway Dr 1600'-4" dia	9,600.00	1,833.76	213.33	2,047.09	7,552.91	Sewer
	May-87	45	13302	Flyway Dr lift stat No. 27	48,000.00	9,207.01	1,066.67	10,273.68	37,726.32	Sewer
	Aug-89	45	13309	Osprey Beach lift stat. No. 28	5,063.78	807.83	112.53	920.36	4,143.42	Sewer
	Aug-89	45	13309	Osprey Beach 2200'-4" dia.	668.42	110.26	14.85	125.11	543.31	Sewer
	Aug-89	45	13302	Osprey Beach lift stat. No. 28	57,500.00	9,173.10	1,277.78	10,450.88	47,049.12	Sewer
	Aug-89	45	13307	Osprey Beach 2200'-4" dia.	7,590.00	1,207.22	168.67	1,375.89	6,214.11	Sewer
	Mar-91	45	13306	Flow Meter - Inbound	3,500.00	427.89	77.78	505.67	2,994.33	Sewer
	May-91	45	13307	Transmission Lines	79,442.08	9,709.90	1,765.38	11,475.28	67,966.80	Sewer
	Dec-92	45	13302	Sludge Handling Facility	139,124.77	15,458.31	3,091.66	18,549.97	120,574.80	Sewer
	May-93	20	13309	Grinder Pumps	1,892.00	338.98	94.60	433.58	1,458.42	Sewer
	Oct-93	10	13306	Compost Screener	30,455.17	9,644.14	3,045.52	12,689.65	17,765.52	Sewer
	Dec-93	20	13304	Generator	4,610.97	710.86	230.55	941.41	3,669.56	Sewer
	Dec-94	20	13305	Barnes Grinder Pumps	1,943.25	202.42	97.16	299.58	1,643.67	Sewer
	Sep-95	50	13302	Waste water Treatment plant Cell #2	1,030,875.00	25,157.78	20,617.50	45,775.28	985,099.72	Sewer
	Sep-96	45	13307	Down Island Bridge #3 728'fm w/ 4" en	38,972.00	288.68	866.04	1,154.73	37,817.27	Sewer
	Sep-96	45	13307	Mansion Court 900'2.5"fm	8,365.00	61.96	185.89	247.85	8,117.15	Sewer
	Sep-96	45	13307	Down Island Bridge #2 184' 2"fm w/4"	7,695.00	57.00	171.00	228.00	7,467.00	Sewer
	Sep-96	45	13307	River Course Lane 250' 6" fm	13,473.00	99.80	299.40	399.20	13,073.80	Sewer
	Sep-96	45	13302	River Course Lane sps No. 36	71,583.00	530.24	1,590.73	2,120.98	69,462.02	Sewer
	Sep-96	45	13307	Blue Heron Pond Ph I 130' 2.5"fm	994.00	7.36	22.09	29.45	964.55	Sewer
	Sep-96	45	13302	Mansion Court sps No. 35	51,700.00	382.96	1,148.89	1,531.85	50,168.15	Sewer
	Sep-96	45	13307	Falcon Point Phase I 1260'fm	11,573.00	85.73	257.18	342.90	11,230.10	Sewer
	Sep-96	45	13302	Falcon Point Phase I sps No. 34	51,700.00	382.96	1,148.89	1,531.85	50,168.15	Sewer
	Sep-96	45	13302	Terrapin Island sps No. 37	59,400.00	440.00	1,320.00	1,760.00	57,640.00	Sewer
	Sep-96	45	13307	Terrapin Island 1300' 2"-2.5"fm	15,337.00	113.61	340.82	454.43	14,882.57	Sewer
	Sep-96	45	13307	Down Island Bridge #1 444' 2"fm w/4"	11,064.00	81.96	245.87	327.82	10,736.18	Sewer
	Sep-96	45	13307	Down Island Bridge #5 292' 2.5"fm w/6	8,760.00	64.89	194.67	259.56	8,500.44	Sewer
	Feb-97	45	13302	Barrier for Lagoon	7,261.00	0.00	134.46	134.46	7,126.54	Sewer
	Dec-97	10	13306	3 Ton Hoist & Trolly	2,960.58	0.00	0.00	0.00	2,960.58	Sewer
Totals				**Sewer**	**4,467,718**	**779,746**	**96,583**	**876,329**	**3,591,390**	**Totals**

KIAWAH ISLAND UTILITY

ID	Date	Life	Acct #	Description	Cost	12/31/96 Accum Deprec.	1997 Expense	12/31/97 Accum Deprec.	12/31/97 Book Value	
13204-2	Jan-75	50	13204	Well fields-pipe & fittings	18,720.50	6,495.02	374.41	6,869.43	11,851.07	Water
13203-3	Jan-75	50	13203	Well fields-shallow wells	6,973.53	2,419.44	139.47	2,558.91	4,414.62	Water
13210-1	Jan-75	50	13210	Service meters	100,537.00	34,636.21	2,010.74	36,646.95	63,890.05	Water
13204-1	Jan-75	50	13204	Well fields-shallow wells	79,185.50	27,473.18	1,583.71	29,056.89	50,128.61	Water
13203-2	Jan-75	50	13203	Service meters	8,853.87	3,316.63	177.08	3,493.70	5,360.17	Water
13203-1	Jan-75	50	13203	Well fields-pipe & fittings	1,648.63	571.99	32.97	604.97	1,043.66	Water
13207-2	Jun-75	50	13207	Kiawah resort 4 ea.-10" valve	1,600.00	555.12	32.00	587.12	1,012.88	Water
13207-1	Jun-75	50	13207	Kiawah resort 850'-10" main	9,137.50	3,170.23	182.75	3,352.98	5,784.52	Water
13203-5	Jun-75	50	13203	Kiawah resort 850'-10" main	804.70	279.19	16.09	295.28	509.42	Water
13203-4	Jun-75	50	13203	Kiawah resort 4 ea.-10" valve	140.91	48.88	2.82	51.70	89.21	Water
13203-7	Aug-75	50	13203	W. supply 1.0MG storage tank	13,926.47	5,216.81	278.53	5,495.34	8,431.13	Water
13203-9	Aug-75	50	13203	Water supply sitework	2,695.96	1,009.90	53.92	1,063.82	1,632.14	Water
13202-2	Aug-75	50	13202	Water treatment fac.	100,000.00	34,451.20	2,000.00	36,451.20	63,548.80	Water
13203-6	Aug-75	50	13203	Water treatment fac.	8,806.58	3,298.92	176.13	3,475.05	5,331.53	Water
13203-8	Aug-75	50	13203	W. supply pumping plant	25,232.75	9,452.10	504.66	9,956.75	15,276.00	Water
13202-3	Aug-75	50	13202	W. supply 1.0MG storage tank	158,137.12	54,480.15	3,162.74	57,642.89	100,494.23	Water
13205-1	Aug-75	50	13205	W. supply pumping plant	286,521.66	98,710.18	5,730.43	104,440.61	182,081.05	Water
13202-1	Aug-75	50	13202	Water supply sitework	30,613.00	10,546.55	612.26	11,158.81	19,454.19	Water
13203-13	Oct-75	50	13203	Resort supply 1560'-8" main	996.02	345.57	19.92	365.49	630.53	Water
13203-10	Oct-75	50	13203	Resort supply 3 ea.-8" valve	83.22	28.88	1.66	30.55	52.67	Water
13203-11	Oct-75	50	13203	Resort supply 9200'-12" main	9,366.32	3,249.62	187.33	3,436.95	5,929.37	Water
13207-4	Oct-75	50	13207	Resort supply 1560'-8" main	11,310.00	3,923.97	226.20	4,150.17	7,159.83	Water
13207-6	Oct-75	50	13207	Resort supply 3 ea.-8" valve	945.00	327.86	18.90	346.76	598.24	Water
13207-3	Oct-75	50	13207	Resort supply 6 ea.-12" valve	3,096.00	1,074.15	61.92	1,136.07	1,959.93	Water
13203-12	Oct-75	50	13203	Resort supply 6 ea.-12" valve	272.65	94.60	5.45	100.05	172.60	Water
13207-5	Oct-75	50	13207	Resort supply 9200'-12" main	106,356.00	36,899.90	2,127.12	39,027.02	67,328.98	Water
13203-15	Jan-76	50	13203	Middlewoods W. 355'-8" main	226.66	75.35	4.53	79.88	146.78	Water
13207-7	Jan-76	50	13207	Middlewoods W. 355'-8" main	2,573.75	855.57	51.48	907.04	1,666.71	Water
13203-14	Jan-76	50	13203	Middlewoods W. 2 ea.-8" valve	52.84	17.56	1.06	18.62	34.22	Water
13207-8	Jan-76	50	13207	Middlewoods W. 2 ea.-8" valve	600.00	199.45	12.00	211.45	388.55	Water
13203-17	Feb-76	50	13203	Middlewoods W. 1 ea.-8" valve	26.42	8.78	0.53	9.31	17.11	Water
13203-16	Feb-76	50	13203	Middlewoods W. 1960'-8" main	370.76	123.25	7.42	130.66	240.10	Water
13207-10	Feb-76	50	13207	Middlewoods W. 1960'-8" main	4,210.00	1,399.49	84.20	1,483.69	2,726.31	Water
13207-9	Feb-76	50	13207	Middlewoods W. 1 ea.-8" valve	300.00	99.73	6.00	105.73	194.27	Water
13207-13	Apr-76	50	13207	Middlewoods W. 2 ea.-6" valve	550.00	182.83	11.00	193.83	356.17	Water
13203-23	Apr-76	50	13203	Middlewoods W. 2040'-6" main	980.91	326.07	19.62	345.69	635.22	Water
13207-15	Apr-76	50	13207	Middlewoods W. 5 ea.-8" valve	1,500.00	498.63	30.00	528.63	971.37	Water
13207-11	Apr-76	50	13207	Middlewoods W. 3650'-8" main	26,462.50	8,796.68	529.25	9,325.93	17,136.57	Water
13203-22	Apr-76	50	13203	Sparrow Pond Cot 800'-10" main	757.37	251.77	15.15	266.91	490.46	Water
13207-12	Apr-76	50	13207	Middlewoods W. 2040'-6" main	11,138.40	3,702.64	222.77	3,925.41	7,212.99	Water
13207-14	Apr-76	50	13207	Sparrow Pond Cot 800'-10" main	8,600.00	2,858.82	172.00	3,030.82	5,569.18	Water
13203-19	Apr-76	50	13203	Middlewoods W. 5 ea.-8" valve	132.10	43.91	2.64	46.55	85.55	Water
13203-18	Apr-76	50	13203	Middlewoods W. 2 ea.-6" valve	48.44	16.10	0.97	17.07	31.37	Water
13203-21	Apr-76	50	13203	Sparrow Pond Cot 2 ea.-10" valve	70.45	23.42	1.41	24.82	45.63	Water
13207-16	Apr-76	50	13207	Sparrow Pond Cot 2 ea.-10" valve	800.00	265.94	16.00	281.94	518.06	Water
13203-20	Apr-76	50	13203	Middlewoods W. 3650'-8" main	2,330.44	774.69	46.61	821.30	1,509.14	Water
13207-17	Jun-76	50	13207	Sparrow Pond PhII 1 ea.-10" valve	800.00	265.94	16.00	281.94	518.06	Water
13207-18	Jun-76	50	13207	Sparrow Pond PhII 550'-10" main	5,912.50	1,965.44	118.25	2,083.69	3,828.81	Water
13203-25	Jun-76	50	13203	Sparrow Pond PhII 1 ea.-10" valve	70.45	23.42	1.41	24.82	45.63	Water
13203-24	Jun-76	50	13203	Sparrow Pond PhII 550'-10" main	520.69	173.09	10.41	183.50	337.19	Water
13203-27	Jul-76	50	13203	Deep well No. 1-cooling tower	1,694.29	607.32	33.89	641.20	1,053.09	Water
13203-26	Jul-76	50	13203	Middlewoods W. 2465'-8" main	1,573.85	523.18	31.48	554.65	1,019.20	Water
13203-32	Jul-76	50	13203	16" trans main plant piping	2,097.59	751.87	41.95	793.82	1,303.77	Water
13202-6	Jul-76	50	13202	Deep well No. 1-cooling tower	19,238.93	6,351.32	384.78	6,736.10	12,502.83	Water
13203-35	Jul-76	50	13203	16" trans main valves & fittings	2,433.52	872.35	48.67	921.02	1,512.50	Water
13203-29	Jul-76	50	13203	16" trans main-17385'-16" DI	32,763.90	10,891.40	655.28	11,546.68	21,217.22	Water
13203-30	Jul-76	50	13203	Middlewoods W. 2 ea.-8" valve	52.84	17.56	1.06	18.62	34.22	Water
13203-34	Jul-76	50	13203	16" trans main plant work	704.97	252.70	14.10	266.80	438.17	Water
13207-19	Jul-76	50	13207	Middlewoods W. 2 ea.-8" valve	600.00	199.45	12.00	211.45	388.55	Water
13207-21	Jul-76	50	13207	Middlewoods W. 2465'-8" main	17,871.25	5,940.78	357.43	6,298.20	11,573.05	Water
13207-20	Jul-76	50	13207	16" trans main-17385'-16" DI	372,039.00	128,948.75	7,440.78	136,389.53	235,649.47	Water
13207-24	Jan-77	50	13207	Sparrow P. Cot. 1 ea.-8" valve	300.00	95.37	6.00	101.37	198.63	Water
13207-22	Jan-77	50	13207	Sparrow P. Cot. 450'-8" main	3,262.50	1,037.13	65.25	1,102.38	2,160.12	Water
13203-39	Jan-77	50	13203	Kiawah B. Cot 2 ea.-8" valve	52.84	16.79	1.06	17.85	34.99	Water
13203-38	Jan-77	50	13203	Sparrow P. Cot. 1 ea.-8" valve	26.42	8.40	0.53	8.93	17.49	Water
13207-25	Jan-77	50	13207	Kiawah B. Cot 2 ea.-8" valve	600.00	190.74	12.00	202.74	397.26	Water
13203-37	Jan-77	50	13203	Kiawah B. Cot 1200'-8" mains	766.17	243.57	15.32	258.89	507.28	Water
13207-23	Jan-77	50	13207	Kiawah B. Cot 1200'-8" mains	8,700.00	2,765.68	174.00	2,939.68	5,760.32	Water
13203-36	Jan-77	50	13203	Sparrow P. Cot. 450'-8" main	287.31	91.33	5.75	97.08	190.23	Water
13203-40	Mar-77	50	13203	Middlewoods E. 1178'-8" main	752.13	239.09	15.04	254.14	497.99	Water
13207-26	Mar-77	50	13207	Middlewoods E. 2 ea.-12" valve	1,032.00	328.07	20.64	348.71	683.29	Water
13203-42	Mar-77	50	13203	Middlewoods E. 1275'-12" main	1,300.25	413.35	26.01	439.35	860.90	Water
13203-43	Mar-77	50	13203	Middlewoods E. 2 ea.-12" valve	90.88	28.89	1.82	30.71	60.17	Water
13207-27	Mar-77	50	13207	Middlewoods E. 2 ea.-8" valve	600.00	190.74	12.00	202.74	397.26	Water
13203-41	Mar-77	50	13203	Middlewoods E. 2 ea.-8" valve	52.84	16.79	1.06	17.85	34.99	Water
13207-29	Mar-77	50	13207	Middlewoods E. 1275'-12" main	14,764.50	4,693.55	295.29	4,988.84	9,775.66	Water
13207-28	Mar-77	50	13207	Middlewoods E. 1178'-8" main	8,540.50	2,714.98	170.81	2,885.79	5,654.71	Water
13207-31	Apr-77	50	13207	Pwy Gov Dr Trans 4 ea.-12" valve	2,064.00	656.13	41.28	697.41	1,366.59	Water
13203-44	Apr-77	50	13203	Pwy Gov Dr Trans 1 ea.-10" valve	48.44	15.40	0.97	16.37	32.07	Water
13203-45	Apr-77	50	13203	Pwy Gov Dr Trans 320'-10" main	253.63	80.62	5.07	85.70	167.93	Water
13203-46	Apr-77	50	13203	Pwy Gov Dr Trans 17720'-12" main	18,193.26	5,783.54	363.87	6,147.40	12,045.86	Water
13207-30	Apr-77	50	13207	Middlewoods W. 1 ea.-8" valve	300.00	95.37	6.00	101.37	198.63	Water
13207-33	Apr-77	50	13207	Pwy Gov Dr Trans 1 ea.-10" valve	550.00	174.84	11.00	185.84	364.16	Water
13207-35	Apr-77	50	13207	Pwy Gov Dr Trans 320'-10" main	2,880.00	915.54	57.60	973.14	1,906.86	Water
13203-48	Apr-77	50	13203	Middlewoods W. 1 ea.-8" valve	26.42	8.40	0.53	8.93	17.49	Water
13203-49	Apr-77	50	13203	Pwy Gov Dr Trans 4 ea.-12" valve	181.77	57.79	3.64	61.42	120.35	Water
13207-32	Apr-77	50	13207	Middlewoods W. 800'-8" main	5,800.00	1,843.79	116.00	1,959.79	3,840.21	Water
13207-34	Apr-77	50	13207	Pwy Gov Dr Trans 17720'-12" main	206,587.20	64,795.94	4,131.74	68,927.68	137,659.52	Water
13203-47	Apr-77	50	13203	Middlewoods W. 800'-8" main	510.78	162.37	10.22	172.58	338.20	Water

KIAWAH ISLAND UTILITY

ID	Date	Life	Acct #	Description	Cost	12/31/96 Accum Deprec.	1997 Expense	12/31/97 Accum Deprec.	12/31/97 Book Value	
13203-51	Jun-77	50	13203	Fairway Oaks 2 ea.-6" valve	48.38	15.40	0.97	16.37	32.01	Water
13207-36	Jun-77	50	13207	Fairway Oaks 2 ea.-6" valve	550.00	174.84	11.00	185.84	364.16	Water
13203-50	Jun-77	50	13203	Fairway Oaks 900'-6" main	432.76	137.58	8.66	146.23	286.53	Water
13207-37	Jun-77	50	13207	Fairway Oaks 900'-6" main	4,914.00	1,562.13	98.28	1,660.41	3,253.59	Water
13203-52	Aug-77	50	13203	Duneside Cottages 850'-8" main	542.71	172.53	10.85	183.39	359.32	Water
13207-38	Aug-77	50	13207	Duneside Cottages 850'-8" main	6,162.50	1,959.02	123.25	2,082.27	4,080.23	Water
13203-54	Dec-77	50	13203	Beachwalker Dr. 4 ea.-10" valve	140.91	42.75	2.82	45.57	95.34	Water
13207-40	Dec-77	50	13207	Beachwalker Dr. 2215'-10" main	23,811.25	7,223.58	476.23	7,699.80	16,111.45	Water
13207-39	Dec-77	50	13207	Beachwalker Dr. 4 ea.-10" valve	1,600.00	485.39	32.00	517.39	1,082.61	Water
13203-53	Dec-77	50	13203	Beachwalker Dr. 2215'-10" main	2,096.96	636.16	41.94	678.10	1,418.86	Water
13207-42	Jan-78	50	13207	Fairway Oaks 4 ea.-6" valve	1,000.00	303.37	20.00	323.37	676.63	Water
13203-56	Jan-78	50	13203	Fairway Oaks PhII 750'-6" main	360.63	109.40	7.21	116.62	244.01	Water
13203-55	Jan-78	50	13203	Fairway Oaks 4 ea.-6" valve	88.07	26.72	1.76	28.48	59.59	Water
13207-41	Jan-78	50	13207	Fairway Oaks PhII 750'-6" main	4,095.00	1,242.29	81.90	1,324.19	2,770.81	Water
13203-57	Aug-78	50	13203	Vander Beach 3000'-8" main	2,087.16	633.18	41.74	674.92	1,412.24	Water
13207-44	Aug-78	50	13207	Vander Beach 3000'-8" main	23,700.00	7,189.83	474.00	7,663.83	16,036.17	Water
13207-43	Aug-78	50	13207	Vander Beach 4 ea.-8" valve	1,180.00	357.97	23.60	381.57	798.43	Water
13203-58	Aug-78	50	13203	Vander Beach 4 ea.-8" valve	103.92	31.53	2.08	33.61	70.31	Water
13203-59	Mar-79	50	13203	Plan Woods S. 9200'-8" main	6,416.47	1,853.35	128.33	1,981.68	4,434.79	Water
13203-60	Mar-79	50	13203	Plan Woods S. 7 ea.-8" valve	181.86	52.53	3.64	56.16	125.70	Water
13207-46	Mar-79	50	13207	Plan Woods S. 9200'-8" main	72,860.00	21,045.02	1,457.20	22,502.22	50,357.78	Water
13207-45	Mar-79	50	13207	Plan Woods S. 7 ea.-8" valve	2,065.00	596.46	41.30	637.76	1,427.24	Water
13207-47	Aug-79	50	13207	Sea Forrest Dr. 2 ea.-10" valve	880.00	254.18	17.60	271.78	608.22	Water
13203-61	Aug-79	50	13203	Sea Forrest Dr. 2 ea.-10" valve	77.50	22.39	1.55	23.94	53.56	Water
13203-62	Aug-79	50	13203	Sea Forrest Dr. 1575'-10" main	1,276.07	368.58	25.52	394.10	881.97	Water
13207-48	Aug-79	50	13207	Sea Forrest Dr. 1575'-10" main	14,490.00	4,185.32	289.80	4,475.12	10,014.88	Water
13202-14	Jan-80	50	13202	H-P Tank & Pumps 10000 gal tank	5,083.89	1,385.85	101.68	1,487.53	3,596.36	Water
13203-65	Jan-80	50	13203	H-P Tank & Pumps -elect & controls	928.83	272.92	18.58	291.50	637.33	Water
13203-63	Jan-80	50	13203	H-P Tank & Pumps 10000 gal tank	447.72	131.56	8.95	140.52	307.20	Water
13203-66	Jan-80	50	13203	H-P Tank & Pumps-pumps & piping	1,503.18	441.69	30.06	471.75	1,031.43	Water
13203-64	Jan-80	50	13203	H-P Tank & Pumps - pump bldg.	142.80	41.96	2.86	44.82	97.98	Water
13202-13	Jan-80	50	13202	H-P Tank & Pumps -elect & controls	10,547.00	2,875.08	210.94	3,086.02	7,460.98	Water
13202-12	Jan-80	50	13202	H-P Tank & Pumps-pumps & piping	17,068.81	4,652.90	341.38	4,994.28	12,074.53	Water
13202-11	Jan-80	50	13202	H-P Tank & Pumps - pump bldg.	1,621.53	442.02	32.43	474.45	1,147.08	Water
13207-50	Oct-80	50	13207	MI Woods 4 ea.-10" valve	1,760.00	482.80	35.20	518.00	1,242.00	Water
13203-67	Oct-80	50	13203	MI Woods 2575'-10" main	2,086.28	572.30	41.73	614.02	1,472.26	Water
13203-68	Oct-80	50	13203	MI Woods 4 ea.-10" valve	155.00	42.51	3.10	45.61	109.39	Water
13207-49	Oct-80	50	13207	MI Woods 2575'-10" main	23,690.00	6,498.54	473.80	6,972.34	16,717.66	Water
13207-51	Nov-80	50	13207	Nicklaus Fac 2 ea.-10" valve	880.00	228.61	17.60	246.21	633.79	Water
13203-69	Nov-80	50	13203	Nicklaus Fac 1400'-10" main	1,134.29	294.67	22.69	317.35	816.94	Water
13203-70	Nov-80	50	13203	Nicklaus Fac 2 ea.-10" valve	77.50	20.14	1.55	21.69	55.81	Water
13207-52	Nov-80	50	13207	Nicklaus Fac 1400'-10" main	12,880.00	3,346.09	257.60	3,603.69	9,276.31	Water
13207-54	Dec-80	50	13207	MI Woods PhII 2 ea.-10" valve	880.00	228.61	17.60	246.21	633.79	Water
13203-71	Dec-80	50	13203	MI Woods PhII 4570'-10" main	3,702.64	961.90	74.05	1,035.96	2,666.68	Water
13207-53	Dec-80	50	13207	MI Woods PhII 4570'-10" main	42,044.00	10,922.58	840.88	11,763.46	30,280.54	Water
13203-72	Dec-80	50	13203	MI Woods PhII 2 ea.-10" valve	77.50	20.14	1.55	21.69	55.81	Water
13207-58	Apr-81	50	13207	WindsweptVillas PhII 1ea.-10"valve	651.00	169.12	13.02	182.14	468.86	Water
13203-75	Apr-81	50	13203	WindsweptVillas PhII 1ea.-10"valve	57.33	14.89	1.15	16.04	41.29	Water
13207-56	Apr-81	50	13207	Windswept Villas 1 ea.-10" valve	651.00	169.12	13.02	182.14	468.86	Water
13207-55	Apr-81	50	13207	Windswept Villas PhII 650'-10"main	8,125.00	2,110.79	162.50	2,273.29	5,851.71	Water
13203-73	Apr-81	50	13203	Windswept Villas 1 ea.-10" valve	57.33	14.89	1.15	16.04	41.29	Water
13203-74	Apr-81	50	13203	Windswept Villas PhII 650'-10"main	715.53	185.88	14.31	200.19	515.34	Water
13203-76	Apr-81	50	13203	Windswept Villas 395'-10" main	434.82	112.96	8.70	121.66	313.16	Water
13207-57	Apr-81	50	13207	Windswept Villas 395'-10" main	4,937.50	1,282.71	98.75	1,381.46	3,556.04	Water
13207-60	Sep-81	50	13207	Tennis Center 650'-10" main	8,125.00	2,110.79	162.50	2,273.29	5,851.71	Water
13203-77	Sep-81	50	13203	Tennis Center 650'-10" main	715.53	185.88	14.31	200.19	515.34	Water
13203-78	Sep-81	50	13203	Tennis Center 1 ea.-10" valve	57.33	14.89	1.15	16.04	41.29	Water
13207-59	Sep-81	50	13207	Tennis Center 1 ea.-10" valve	651.00	169.12	13.02	182.14	468.86	Water
13203-79	Jan-82	45	13203	227 fire hydrants	13,993.65	4,066.35	310.97	4,377.32	9,616.33	Water
13209-1	Jan-82	45	13209	227 fire hydrants	158,900.00	43,049.66	3,531.11	46,580.77	112,319.23	Water
13207-61	Apr-82	45	13207	Windswept Villas PhV 1ea.-10"valve	651.00	173.06	14.47	187.53	463.47	Water
13203-81	Apr-82	45	13203	Area 428 PhII 3000'-8" main	2,250.96	613.42	50.02	663.44	1,587.52	Water
13207-63	Apr-82	45	13207	Windswept Villas PhV 600'-10" main	7,500.00	1,993.85	166.67	2,160.52	5,339.48	Water
13203-83	Apr-82	45	13203	Area 428 PhII 3 ea.-8" main	119.15	32.47	2.65	35.12	84.03	Water
13203-82	Apr-82	45	13203	Windswept Villas PhV 1ea.-10"valve	57.33	15.63	1.27	16.90	40.43	Water
13207-62	Apr-82	45	13207	Area 428 PhII 3000'-8" main	25,560.00	6,795.07	568.00	7,363.07	18,196.93	Water
13203-80	Apr-82	45	13203	Windswept Villas PhV 600'-10" main	660.49	180.00	14.68	194.68	465.81	Water
13207-64	Apr-82	45	13207	Area 428 PhII 3 ea.-8" main	1,353.00	359.69	30.07	389.76	963.24	Water
13207-66	Oct-82	45	13207	TP Villas 2 ea.-10" valve	1,302.00	346.14	28.93	375.07	926.93	Water
13203-84	Oct-82	45	13203	TP Villas 1200'-10" mains	1,320.99	359.99	29.36	389.34	931.65	Water
13203-85	Oct-82	45	13203	TP Villas 2 ea.-10" valve	114.66	31.24	2.55	33.79	80.87	Water
13207-65	Oct-82	45	13207	TP Villas 1200'-10" mains	15,000.00	3,987.72	333.33	4,321.05	10,678.95	Water
13205-2	Jan-84	45	13205	40hp pump-pipe & fittings	2,377.21	568.05	52.83	620.88	1,756.33	Water
13203-89	Jan-84	45	13203	Green Dolphin Ext 2 ea.-10" valve	114.66	27.54	2.55	30.09	84.57	Water
13205-3	Jan-84	45	13205	40hp peerless pump	2,221.68	530.88	49.37	580.25	1,641.43	Water
13205-4	Jan-84	45	13205	40hp pump-elect & controls	1,200.00	286.74	26.67	313.41	886.59	Water
13203-88	Jan-84	45	13203	40hp peerless pump	195.65	49.84	4.35	54.19	141.46	Water
13203-90	Jan-84	45	13203	40hp pump-elect & controls	105.68	26.92	2.35	29.27	76.41	Water
13203-87	Jan-84	45	13203	40hp pump-pipe & fittings	209.35	53.32	4.65	57.97	151.38	Water
13207-67	Jan-84	45	13207	Green Dolphin Ext 2 ea.-10" valve	1,302.00	304.11	28.93	333.04	968.96	Water
13207-68	Jan-84	45	13207	Green Dolphin Ext 680'-10" main	8,500.00	1,985.32	188.89	2,174.21	6,325.79	Water
13203-86	Jan-84	45	13203	Green Dolphin Ext 680'-10" main	748.56	179.83	16.63	196.47	552.09	Water
13207-70	May-84	45	13207	Loop Rd. Ext. 2450'-12" main	30,652.00	7,159.30	681.16	7,840.46	22,811.54	Water
13207-69	May-84	45	13207	Loop Rd. Ext. 1943'-10" main	24,287.50	5,672.76	539.72	6,212.49	18,075.01	Water
13203-94	May-84	45	13203	Loop Rd. Ext. 1 ea.-10" valve	57.33	13.77	1.27	15.04	42.29	Water
13203-93	May-84	45	13203	Loop Rd. Ext. 1943'-10" main	2,138.90	513.84	47.53	561.37	1,577.53	Water
13203-91	May-84	45	13203	Loop Rd. Ext. 2450'-12" main	2,699.39	648.48	59.99	708.47	1,990.92	Water
13203-92	May-84	45	13203	Loop Rd. Ext. 4 ea.-12" valve	246.58	59.24	5.48	64.72	181.86	Water
13207-71	May-84	45	13207	Loop Rd. Ext. 4 ea.-12" valve	2,800.00	653.98	62.22	716.21	2,083.79	Water

F-2

TO OPEN - REMOVE BOTH STUBS AND PEEL BACK TOP SHEET

Kiawah Island
UTILITY, INC.

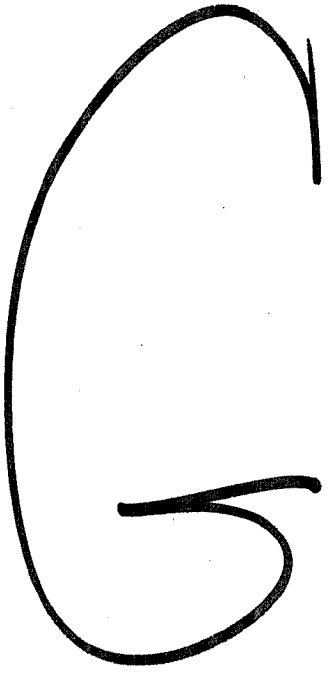
31 SORA RAIL ROAD
KIAWAH ISLAND
JOHNS ISLAND, SC 29455

Return Service Requested

FIRST-CLASS MAIL
U.S. POSTAGE
PAID
JOHNS ISLAND, S.C. 29455
PERMIT NO. 45

IMPORTANT!
UTILITY BILL ENCLOSED

REMOVE THIS STUB



D H E C
PROMOTE PROTECT PROSPER
South Carolina Department of Health and Environmental Control

Trident Environmental Quality Control District
1362 McMillan Avenue, Suite 300
Charleston, SC 29405
843-740-1590 Fax 843-740-1595

Serving:
Berkeley, Charleston and Dorchester Counties

July 8, 1998

Ms. Becky Dennis
Kiawah Island Utility Company
31 Sora Rail Road
Johns Island, SC 29455

JUL 10 1998

Re: Kiawah Island Water and Wastewater Systems
ND0017361 - Wastewater
1010008-Water
Charleston County

Dear Ms. Dennis:

The drinking water and sewer systems owned, operated, and maintained by Kiawah Island Utility, Inc. and serving the Town of Kiawah Island are currently in compliance with applicable DHEC regulations.

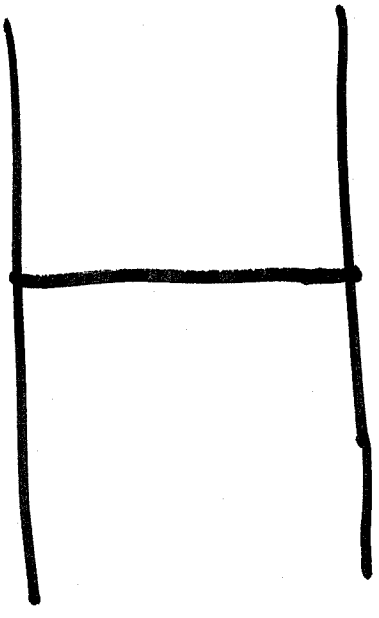
If I can be of further assistance, please call me at (843) 740-1590.

Sincerely,

V. Harvey Wilkins, P.E.
Trident EQC District Office

VHW/jc

Exhibit G



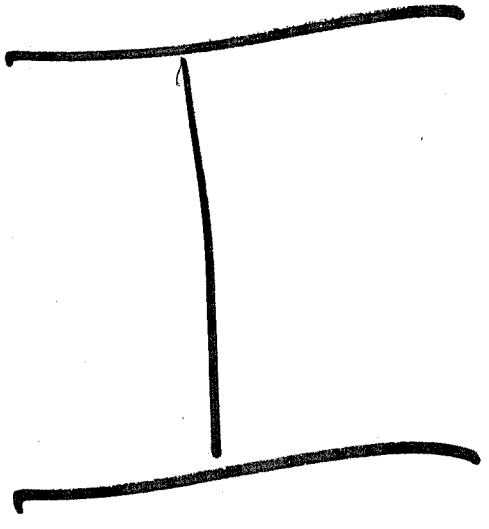
Employee Qualifications

Because of the ever changing regulations and mandates of the Environmental Protection Agency and DHEC, it is vital for the utility employees to be properly trained and informed.

Kiawah Island Utility, Inc. encourages its employees to advance in their knowledge and understanding of the water and wastewater business though workshops and training session offered around the State. DHEC licenses its plant operators and also requires re-certification hours every year.

Kiawah Island Utility prides itself in the licensing qualifications of its employees. The following levels of certification are held by the current employees of KIU:

Employee	Water Certification	Wastewater Certification	Physical/ Chemical Certification	Voluntary Certification WW Collection	Voluntary Certification Water Distribution
Becky Dennis	"A"	"A"		Yes	Yes
Keith Weeks	"A"	"A"	Trainee - "C"	Yes	Yes
Vicky Dyke	"A"	"A"			Yes
Ed McCray	"C"	"C"		Yes	
Don Sondles	"C"	"C"			
Perry Carroll	"D"	"D"			
Randy Roberts		"D"		Yes	
Bobby Grooms		"D"		Yes	



Customer Comments - 1997

USAGE

During 1997 there were 49 customers that felt their bills were too high. Of the 49 there was one (1) that was a misread and the others were accurate readings. The high usage was due to irrigation, faulty plumbing and broken lines.

MISCELLANEOUS

In 1997 there was one (1) customer requesting that their meter box be lowered.

There were two (2) customers who believed their water was dirty. The lines were flushed and the problem was corrected.

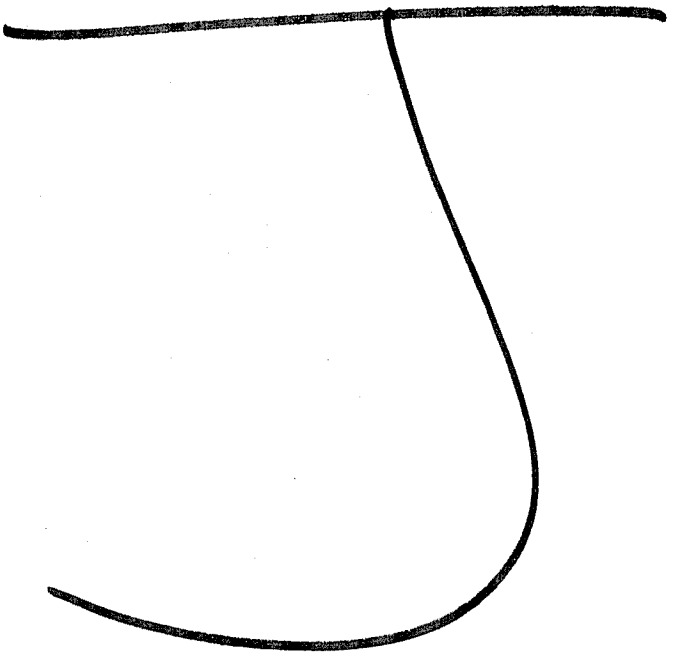
BILL FORMS

In 1997 there were 12 customers that complained about the bill form. The new expeditious equipment now being used by the Postal Service sometimes tears the bill form. We had the representative from the company supplying the forms look into this matter and developed a bill form that is more compatible with the postal equipment.

BILLING

In 1997 there were two (2) billing complaints. One due to an adjustment not being properly applied. This was immediately corrected.

There was a number of bills that were never delivered by the postal service even though they were mailed at the same time as the other bills in the cycle. We provided these customers with a copy of their bill as requested.



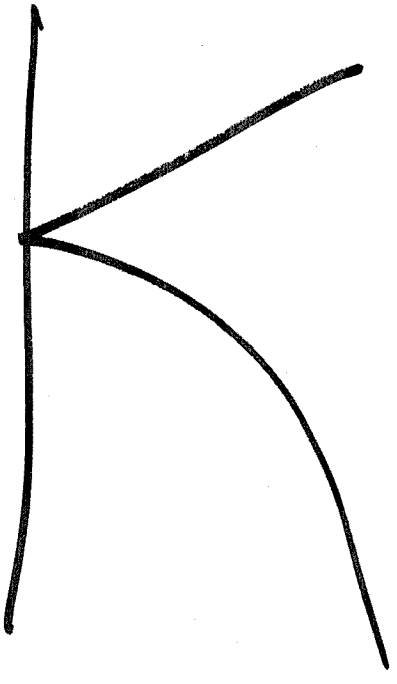
AVERAGE MONTHLY RESIDENTIAL WATER AND SEWER BILL
Based on An Average Consumption of 11,000 Gallons
Rates As of 8/14/98

Company	Water Bill	Sewer Bill	Total Utility Bill
Isle of Palms CPW	49.00	49.00	98.00
Folly Beach	36.36	57.02	93.38
Charleston CPW - Outside City	34.87	46.00	80.87
Goose Creek	51.02	28.00	79.02
Seabrook Island	42.44	34.10	76.54
Mt. Pleasant Waterworks	35.26	31.89	67.15
Kiawah Island Utility, Inc. Proposed Rates	41.93	23.17	65.10
Kiawah Island Utility, Inc. - Current Rates	36.90	22.00	58.90
Summerville CPW - Outside City	32.80	20.00	52.80

Water Only Comparison (11,000 Gal)

St. Johns Water Company	52.50
Kiawah Island with Proposed Rate Increase	41.93
Kiawah Island Utility, Inc.	36.90

Note: All of the comparative utility companies above use the same source of water (Charleston CPW) except for Goose Creek and Summerville. St. Johns Water Co. is the pass through utility for Kiawah's supply.



COMMISSIONERS OF PUBLIC WORKS
Of the City of Charleston
South Carolina

July 16, 1998

JUN 17 1998

Ms. Becky Dennis, Manager
Kiawah Island Utilities
31 Sora Rail Road
John's Island, SC 29455

Dear Ms. Dennis:

To help aid you in developing your retail rates for 1998 and 1999, I have attached our wholesale rate schedule for your review and use.

The next approved rate increase is scheduled for December 1, 1998. We are currently in the process of updating our Capital Improvement Program (CIP) for the water system to make improvements to our water treatment and distribution system over the next four years. Once approved later this year, the adoption of the CIP may result in future year increases at or near the inflation rate.

If you need any additional information, feel free to contact me at 727-6907.

Sincerely,

Wesley Ropp, CMA
Administrator of Finance

attachment

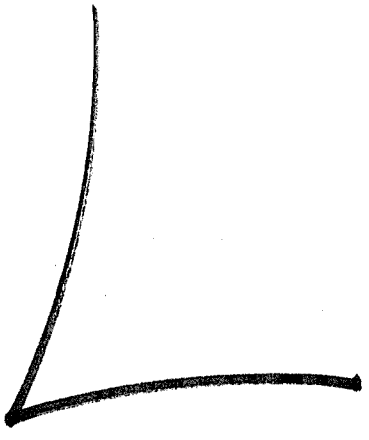
Exhibit K

COMMISSIONERS OF PUBLIC WORKS -- Charleston, SC

RATE SCHEDULE
WHOLESALE TREATED WATER SERVICE
Volume Charge
Water use (Per Hundred Cubic Feet "Ccf") Rate

Wholesale Water Service	Rate / CCF	Rate / 1,000 Gal.
Municipalities - 1998 Rate (Effective 12/1/97)	$1.23	$1.64
Municipalities - 1999 Rate (Effective 12/1/98)	$1.29	$1.72

Note:
- A Hundred Cubic Feet (Ccf) is equivalent to 748 gallons.



AN ORDINANCE FOR THE TOWN OF KIAWAH ISLAND

ORDINANCE NO. 95-9

AN ORDINANCE FOR THE TOWN OF KIAWAH ISLAND SO AS TO CREATE A FIRE SAFETY CODE WITH RESPECT TO FIRE FLOW SUPPRESSION GUIDELINES TO BE KNOWN AS ARTICLE 7, PUBLIC SAFETY, FIRE SAFETY CODE.

WHEREAS, the Town of Kiawah Island has recently undertaken extensive fire flow studies throughout Kiawah Island; and,

WHEREAS, similar studies were undertaken by Kiawah Island Utility Company and the Saint Johns Fire District; and,

WHEREAS, each of the studies agrees in its conclusion that various steps should be taken to increase fire flow suppression available at time of firefighting; and,

WHEREAS, one such recommendation found in the studies proposes the establishment of Fire Flow Suppression Guidelines by the Town of Kiawah Island; and,

WHEREAS, the Town of Kiawah Island is desirous of creating a flexible Fire Safety Code to be administered by the Building Official for the Town of Kiawah Island.

NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE COUNCIL OF THE TOWN OF KIAWAH ISLAND, SOUTH CAROLINA, AND IT IS ORDAINED BY THE AUTHORITY OF SAID COUNCIL:

Section 1. Purpose.

This Ordinance is adopted in order to create a Fire Safety Code for the Town of Kiawah Island which will set forth requirements for needed fire flows for new building construction and substantial improvement of existing building construction,[1] establish fire flow districts, require that needed fire flow not be greater than district fire flow, provide methods by which needed fire flow may be decreased by approved alternatives and establish administrative procedures for administering the Fire Safety Code and provide for administrative relief from the provisions herein.

---

[1]. "Substantial improvement" means any reconstruction, rehabilitation, addition, or other improvement of a building, the cost of which equals or exceeds fifty (50%) percent of the market value of the existing structure at the date of "start of construction." This term includes buildings which have incurred "substantial damage," regardless of the actual repair work performed.

Section 2. Ordinance.

Article 7, Public Safety, Chapter 1, Fire Safety Code is hereby established as follows:

Section 7-101 Administration of Fire Safety Code.

The Town of Kiawah Island's Building Official shall administer the Fire Safety Code. It shall be the responsibility of the Building Official to insure compliance with the Fire Safety Code before a building permit may be issued.

Section 7-102 Establishment of Fire Flow Districts.

Kiawah Island shall be divided into three fire flow districts as follows:

a. District A - 2,500 gallons per minute.

b. District B - 3,000 gallons per minute.

c. District C - 3,500 gallons per minute.

d. Districts A, B and C are delineated on the attached Fire Flow District Map attached hereto as Exhibit A and made a part hereof by reference. Council reserves the right to alter said Map should the water system change so as to provide more or less fire flow in a particular District.

These district fire flows reflect the projections of a computer model for the island taking into account future change to water system. Because the actual, available fire flows within a district vary, depending on location and many other factors, including the date of installation of changes, the specified figure for the district fire flow does not mean that such fire flows are available at all times at all locations within a district. Nothing in this Ordinance is intended either to establish required or minimum fire flows in the water system on Kiawah Island or to represent the fire flows actually available in the three districts.

Section 7-103 Definition of Needed Fire Flow; Needed Fire Flow Shall Not be Greater Than District Fire Flow.

Needed fire flow is an index of the relative structural fire severity potential and is given in terms of gallons per minute (gpm). All new buildings and substantial improvement

of existing building construction[2] for which building permits are applied for after the effective date must meet this Ordinance's requirements for needed fire flow. The analytic methodology for estimating the needed fire flow for any building on Kiawah Island shall be as set forth in the attached "Guide for Calculating Needed Fire Flow at Kiawah Island, SC," which is attached hereto as Exhibit B, incorporated herein by reference and made a part hereof as if set forth fully herein verbatim. The needed fire flow for a building shall not be greater than the district fire flow where the structure is located.

Section 7-104 Increasing Fire Flow in Districts by Approved Alternative Water Sources.

In order to provide maximum safe flexibility, the fire flow may be increased in a particular District provided the same is approved in writing by the Local Fire Official, said approval conditioned upon compliance with the minimal standards set forth in NFPA 1231 Standard on Water Supplies for Suburban and Rural Fire Fighting.

Section 7-105 Decreasing Needed Fire Flow for Buildings by Meeting More Restrictive Construction Requirements.

The analytic methodology for decreasing needed fire flow for a particular building by meeting more restrictive construction requirements shall be as set forth in the attached "Guide for Calculating Needed Fire Flow at Kiawah Island, SC," which is incorporated herein by reference as if set forth fully herein verbatim.

Section 7-106 Variance Procedures.

a. The Kiawah Town Council shall hear and decide appeals and requests for variances from the requirements of this Ordinance.

b. Council shall hear and decide appeals when it is alleged there is a mapping error or an error in any requirement, decision, or determination made by the Building Official in the enforcement or administration of this Ordinance.

---

[2]. "Substantial improvement" means any reconstruction, rehabilitation, addition, or other improvement of a building, the cost of which equals or exceeds fifty (50%) percent of the market value of the existing structure at the date of "start of construction." This term includes buildings which have incurred "substantial damage," regardless of the actual repair work performed.

c. Any person aggrieved by the decision of Council may appeal such decision, as provided in Section 4-9-30 of the S.C. Code of Laws.

d. In passing upon such applications, the Council shall consider all technical evaluations, all relevant factors and all standards specified in other sections of this Ordinance.

e. The Council may attach such conditions to the granting of variances as it deems necessary to further the purpose of this Ordinance.

Section 3. Severability.

If any part of this Ordinance is held to be unconstitutional, it shall be construed to have been the legislative intent to pass said Ordinance without such unconstitutional provision, and the remainder of said Ordinance shall be deemed to be valid as if such part had not been included. If said Ordinance, or any provision thereof, is held to be inapplicable to any person, group of persons, property, kind of property, circumstances, or set of circumstances, such holding shall not affect the applicability thereof to any other persons, property, or circumstances.

Section 4. Effective Date and Duration.

This Ordinance shall become effective upon its enactment by Town Council for the Town of Kiawah Island.

PASSED, APPROVED AND ADOPTED BY THE COUNCIL FOR THE TOWN OF KIAWAH ISLAND ON THIS 17th DAY OF August, 1995.

Ralph A. Magnotti

Mayor Ralph A. Magnotti

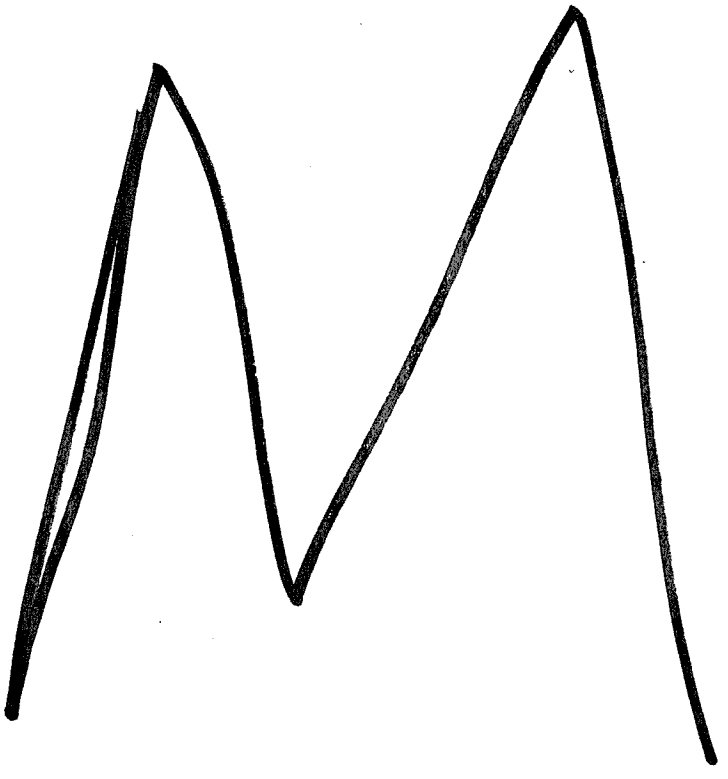
Rita Moran

Clerk Rita Moran

First Reading: Aug. 10, 1995

Second Reading: Aug. 17, 1995

8/1/95



BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 97-295-W/S - ORDER NO. 97-683

AUGUST 8, 1997

IN RE: Application of Kiawah Island Utility, Inc. for Approval of Two Agreements between Kiawah Island Utility, Inc. and the Town of Kiawah, Kiawah Resort Associates, and Others.	)))))	ORDER APPROVING CONTRACTS

This matter comes before the Public Service Commission of South Carolina (the Commission) for approval of two agreements submitted by Kiawah Island Utility, Inc. (Kiawah, the Utility, or the Company).

The first agreement is a major development contract between The Town of Kiawah, Kiawah Resort Associates, the Utility, and others, and was signed pursuant to town ordinances governing development on Kiawah Island. Among other things, the contract guards against zoning or changes in permissible uses that could potentially make it difficult for the Utility to deliver its services to its customers.

It would appear to this Commission that the contract should be approved, however, we may not approve any costs connected with the contract, until such costs are fully considered by us during a rate case.

The second contract has to do with increasing fire protection to the Town. It appears to this Commission that increasing fire

protection to Kiawah is worthwhile, and the contract should be approved, however, no costs shall be approved by us until they may be reviewed in a future rate case.

Although we approve both contracts, we again would state that approval of these contracts does not constitute approval of the costs which should be reviewed in a future rate proceeding.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

Executive Director

(SEAL)

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

AGREEMENT REGARDING
FIRE PROTECTION TASK
FORCE RECOMMENDATIONS

WHEREAS, the Town of Kiawah Island has recently undertaken extensive fire flow studies throughout Kiawah Island; and,

WHEREAS, similar studies were undertaken by Kiawah Island Utility, Inc. (the "Company") and the St. Johns Fire District; and,

WHEREAS, a Fire Protection Task Force Joint Ad Hoc Committee was formed for the purposes of studying the fire flow on Kiawah Island; and,

WHEREAS, one such recommendation arrived at by the Fire Protection Task Force Joint Ad-Hoc Committee is the establishment of fire flow suppression guidelines by the Town of Kiawah Island; and,

WHEREAS, these guidelines have been implemented through the adoption of Ordinance 95-9 known as "An Ordinance for the Town of Kiawah Island so as to Create a Fire Safety Code With Respect to Fire Flow Suppression Guidelines to be Known as Article 7, Public Safety, Fire Safety Code;" and,

WHEREAS, this Agreement is complementary to Ordinance 95-9 in that Kiawah Island Utility, Inc. will strive to adopt and implement certain recommendations arrived at by the Fire Protection Task Force Ad-Hoc Committee under the conditions herein provided.

NOW, THEREFORE, in consideration of the mutual promises contained herein and the further consideration of One ($1.00) Dollar, the Town of Kiawah Island (hereinafter "Town") and the Kiawah Island Utility, Inc. (hereinafter "Company") agree as follows:

1. The Town agrees that the adoption of Ordinance 95-9 is based upon the Company entering this agreement respecting recommendations by the Fire Protection Task Force Ad-Hoc Committee to be set forth hereinafter. Further, the Town agrees that Ordinance 95-9 shall not be amended to increase needed fire flow unless essential to the public health, safety and welfare of Kiawah Island.

2. Upon the terms and conditions herein, the Company agrees to pursue the following recommendations of the Fire Protection Task Force Ad-Hoc Committee (provided, however, should circumstances involving financing, engineering considerations, and/or development trends and absorption levels change, Company and Town agree in good faith to review the provisions of this agreement and, where appropriate, make changes to account for these

changing circumstances).[1]

a. During the years 1995/1996:

i. Provide a Down Island (DI) pumping facility and 1 million gallon storage tank.

ii. Provide a 2500 gpm (gallons per minute) @ 100 psi DI fire pump (this is in addition to the necessary service pumps).

iii. Require an irrigation telemetry system for major irrigation water users for system 1.5" or greater.

iv. Provide a island-wide (automatic) pump control system (with pump operations determined by flow and pressure monitoring) or 24 hour human coverage of utility plant operations.

b. On or before the year 2000:

i. Complete installation of the piping network at the River Course section of the Island, provided there has been substantial completion of the infrastructure for the River Course/The Settlement. This will result in a northern "loop" north of Kiawah Island Parkway feeding the Governor's Drive arterial main.

ii. Complete installation of a parallel 12-inch water main along Governor's Drive as outlined in Task Force recommendations.

iii. If the Company obtains an easement across the hotel property or acquires the necessary land at a nominal cost, installation of the 12-inch hotel connection (Sea Forest Drive).

c. On or before the year 2005

i. Provide an additional 2500 gpm (gallons per minute) @ 100 psi pump in the Central Utility Plant (this is to result in having two large (2500 gpm @ 100 psi) pumps in main plant).

---

[1]. For further clarification of these recommendations reference should be made to Exhibit A which is attached hereto and made a part hereof by reference. In the event of a conflict between Exhibit A and the terms of the text of this agreement, the text of this agreement shall control.

ii. Provide an additional 2500 gpm @ 100 psi pump in the Down Island Facility (this is also to result in having two large (2500 gpm @ 100 psi) pumps in the DI facility which is in addition to the other service pumps)

d. To begin immediately and proceed as development dictates:

i. Install 12-inch mains with fire hydrants on the "fingers" on the east end of the island, as shown on the Thomas & Hutton drawing, attached hereto as Exhibit B, at the time those areas are developed.

3. The Company agrees to provide the Town on a yearly basis on or before February 1 of the calendar year, a written report indicating the status of the implementation of the above recommendations.

4. Neither the entry of this agreement nor its terms is intended as any representation whatsoever as to whether past or existing water supplies and pressures were adequate or inadequate.

5. The Company and the Town agree that this Agreement is not intended to create, and does not create, any rights in favor of third parties.

6. The Town will support the necessity for the improvements if the Company makes a rate application to the South Carolina Public Service Commission for an increase in rates to recover for the expenses and capital expenditure and financing costs incurred by the Company in implementing these improvements. The Town acknowledges that the Company is entitled to a just and reasonable rate of return (margin of return) as determined by the South Carolina Public Service Commission pursuant to Section 58-5-10, et. seq. of the South Carolina Code of Laws.

7. In the event the Company, despite its diligent effort, is delayed in the performance of the terms of this Agreement by causes or circumstances beyond its reasonable control, including, but not limited to, acts of God, war, civil disturbance, national disaster, fire, strikes or shortages of labor, the period for performance by the Company will be extended by period equal to the aggregate period(s) of such delay.

8. This agreement shall be binding upon the successors and assigns of The Company and Town.

IN WITNESS WHEREOF, the below signed individuals have affixed their signatures this _____ day of _____, 19__.

WITNESSES:

THE TOWN OF KIAWAH ISLAND

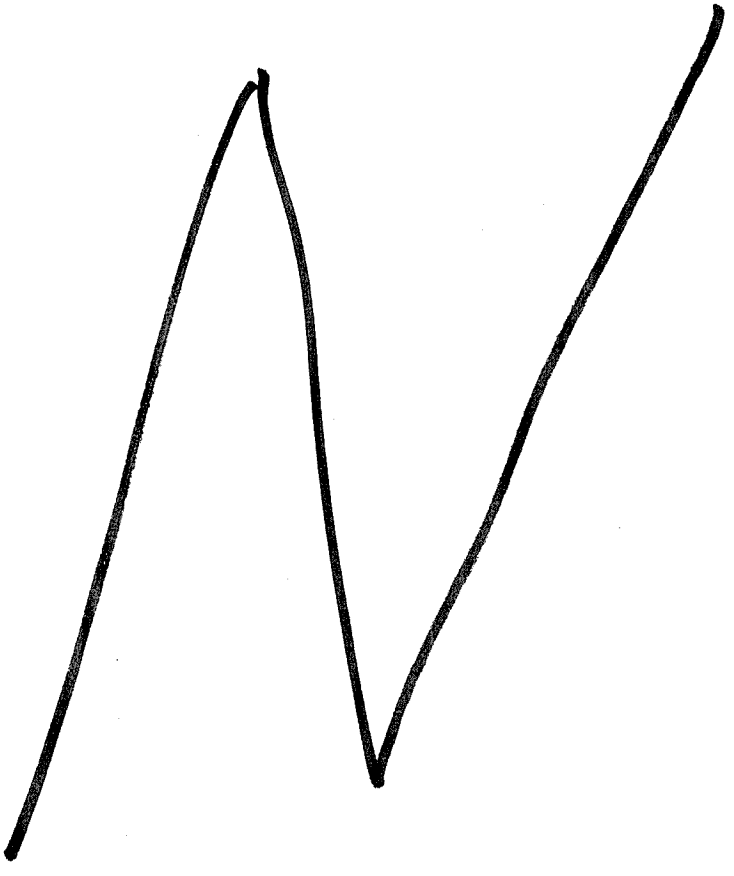
By: Ralph A. Magnotti
Its: Mayor

By: Rita Moran
Its: Clerk

KIAWAH ISLAND UTILITY, INC.

By: Charles P. Darby, III
Its: President

By: Dotty R. Crow
Its: Secretary



SUMMERVILLE COMMISSIONERS OF PUBLIC WORKS

Post Office Box 817
Summerville, SC 29484

135 W. Richardson Avenue
Telephone: (843) 871-0810

September 8, 1998

Ms. Becky Dennis
Kiawah Island Utility, Inc.
31 Sora Rail Road
Johns Island, SC 29455

SEP 17 1998

Dear Becky:

This letter is a follow-up to our recent telephone conversation regarding the average water use of residential customers. Summerville CPW uses 7,000 gallons as the average monthly use for our customers. Summerville CPW's customer mix is much different than that of Kiawah's (elderly, downtown area, smaller lots, etc.) and a monthly average of 11,000 gallons seems reasonable for a resort community.

Summerville CPW does not charge a hydrant rental fee because we have worked out an exchange of services agreement with the Town of Summerville and Old Fort Fire Department. Both fire departments flush and maintain the fire hydrants and they have assisted us in installing reflective road markers for the hydrants. The Town of Moncks Corner has a hydrant maintenance fee of $.50 per month per customer and the City of Goose Creek's hydrant maintenance fee is $1.00 per month per customer outside of the city limits. The Town of Seabrook has a $125.00 per year hydrant fee charged to the St. Johns Fire District.

I believe all the local utilities charge for connections for individual residential fire protection service. Summerville CPW charges $50.00 per month in town and $75.00 per month out of town for any dedicated fire service.

If you have any questions or require further information, please call me at 875-8754.

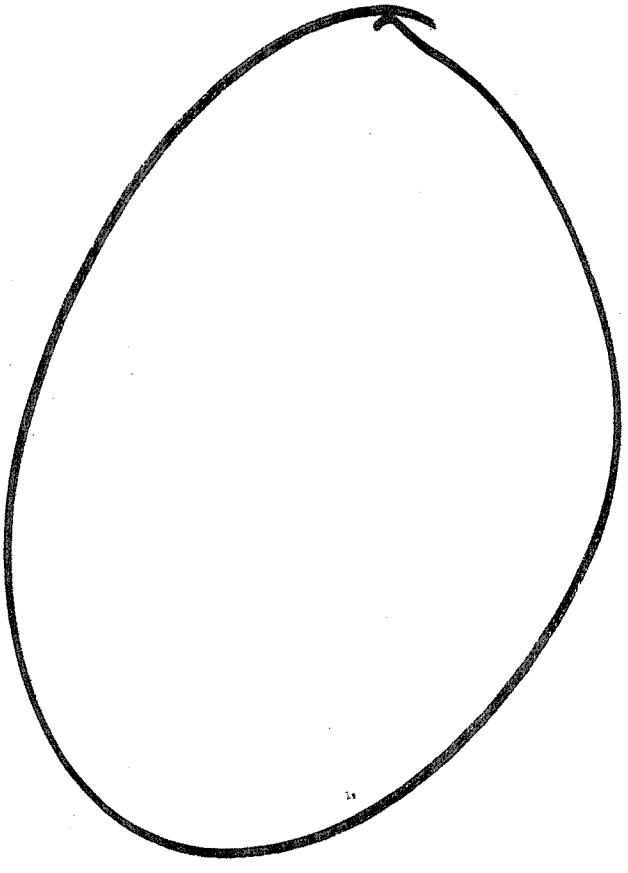
Sincerely,

Charlie

Charles L. Cuzzell
Manager

pw

Exhibit N



THOMAS & HUTTON ENGINEERING CO.
935 HOUSTON NORTHCUTT BOULEVARD • SUITE 100
POST OFFICE BOX 1522
MOUNT PLEASANT, SOUTH CAROLINA 29465-1522
TELEPHONE (843) 849-0200
FAX (843) 849-0203

September 23, 1998

Ms. Becky Dennis
KIAWAH ISLAND UTILITY, INC.
31 Sora Rail Road
Johns Island, SC 29455

Re: Repair and Maintenance Costs
J-12205

Dear Becky:

We have reviewed the maintenance costs and plant facilities at Kiawah Island Utility Company and believe that you will need to have the ground storage tanks at Kiawah repainted on a five-year interval, the deep wells will have to be repaired on a 15-year interval, with visual inspections of the casings performed every five years, and that sludge will have to be removed from the wastewater treatment cells on a five-year interval. The cost of painting the tanks should be approximately $25,000 per tank. This cost averaged over a five-year period would be $5,000 per year. The cost of sludge removal in 1996 was $136,000. Averaged over five years, this amounts to an average annual cost of $27,200.

Finally, the cost of repairs to the well which were performed in August of 1996 was $72,000, which represents an annual average cost over the 15-year cycle of repair of $4,800 per year. These costs should be added to your annual expense budget in order to have reserve funds available to perform the requisite maintenance as it becomes necessary.

If you have questions or need additional information about these repairs and maintenance, please do not hesitate to give me a call.

Sincerely,

THOMAS & HUTTON ENGINEERING CO.

Mitchell Bohannon JD

J. Mitchell Bohannon, P.E.

JMA/maa

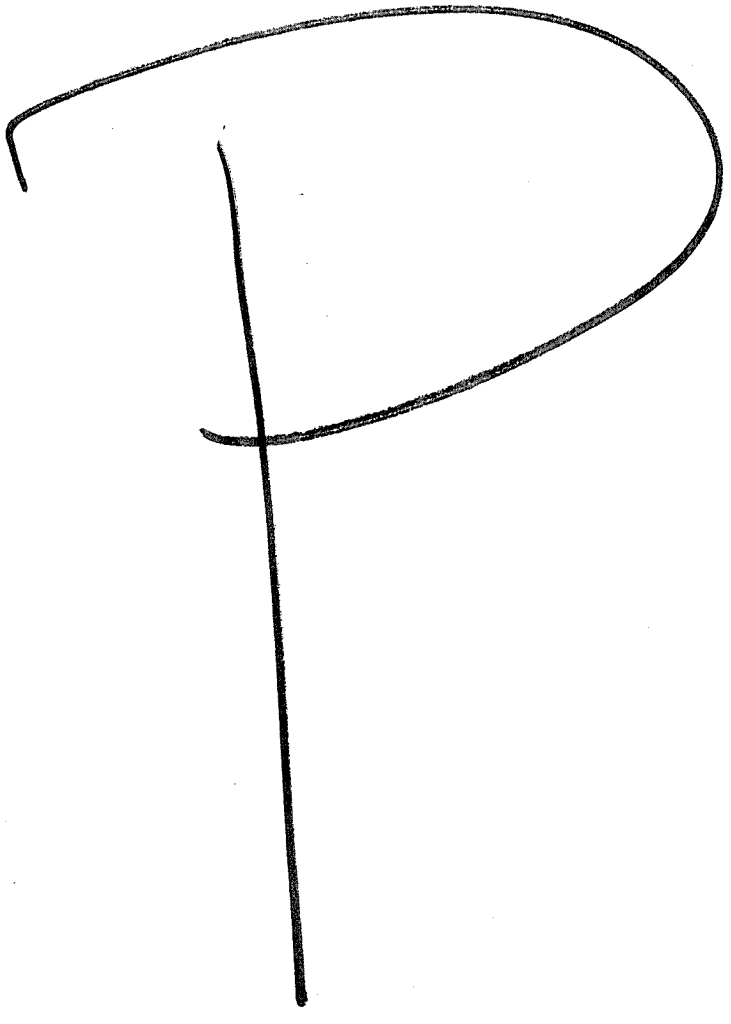
N:\12205\docs\dennis001.doc

Exhibit O

Kiawah Island Utility
Summary of Known Expenses for Well Repairs, Tank Painting and Sludge Removal and Frequency

	Last Performed	Cost	Frequency
Well Repairs	1996	$72,633.08	15 years
Tank Painting	1996	25,404.00	5 years
Sludge Removal	1996	135,862.15	5 years

Exhibit O



A "Company" Contract

Contract

Purchaser: [redacted]

Seller: KIAWAH RESORT ASSOCIATES, L.P. (A Delaware Limited Partnership), P.O. Box 12001, Charleston, SC 29422

This Contract is submitted by Purchaser this 26th day of June, 1998. It is binding on both parties upon Seller's execution.

1. In consideration of Five and No/100 Dollars ($5.00) and the premises, the Purchaser agrees to buy and the Seller agrees to sell, subject to the matters herein provided, the following real property (the "Property") in Charleston County:

   Lot Number: [redacted], The Preserve Subdivision (432), as shown on a plat by Southeastern Surveying, Inc. dated December 2, 1997, having latest revision dated December 9, 1997, and recorded in Plat Book EC at Page(s) 278-280 in the RMC Office for Charleston County, South Carolina, and incorporated herein by reference (hereinafter called the "Plat").

2. The Purchaser agrees to pay for the Property [redacted] (the "Purchase Price") as follows:
   (a) The sum of [redacted] Dollars is paid as earnest money (the "Earnest Money") herewith.
   (b) The balance of the Purchase Price to be paid in immediately available funds at closing. At closing Seller shall deliver to Purchaser a properly executed deed to the Property, free and clear of all liens and encumbrances (except for matters of record, zoning and other laws, and matters provided herein). Such deed shall contain covenants of general warranty except as to that portion of the Property, if any, lying below the mean high water mark of abutting tidal waters. In no case will closing be in excess of sixty (60) days of the signing of the Contract by the Purchaser.

3. (a) Purchaser shall pay only those closing costs customarily paid by a purchaser of real property in Charleston County, S. C. Property taxes shall be pro-rated between the parties as of the date of closing. Purchaser shall be responsible for the payment of pro-rata annual Kiawah Island Community Association assessments, which amount shall be collected from Purchaser at closing. In addition, Purchaser shall be responsible for the Kiawah Island Community Association Capital Reserve Contribution and the Kiawah Island Community Association Pool Initiation Fee payable at closing. Seller shall pay for the preparation of the deed, the deed recording fee required pursuant to Sections 12-24-10 through 12-24-150 of the South Carolina Code of Laws, 1976, as amended, and lien releases.
   (b) Closing shall be the 5th day of August, 1998, at 10:00 a.m. at 211 King Street, Ste. 203, Charleston, South Carolina; or such other time, date, and place as the parties mutually agree in writing, the time of closing being of the essence.

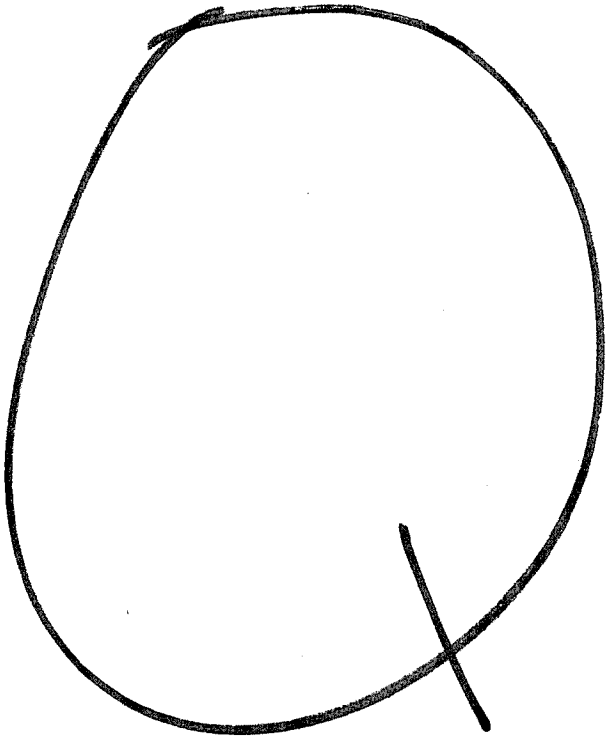
4. This Contract is subject to Purchaser obtaining financing of 80% 90% 7/1/98 of the Purchase Price at market rates. Within ten (10) days of this Contract, Purchaser shall submit to his lending institution all loan application forms and other documents required by such institution. Failure of Purchaser to so apply shall amount to a waiver of Purchaser's rights under this paragraph, and all remaining terms of this Contract shall remain in full force and effect. Purchaser shall use his best efforts in processing his loan application or waive his rights under this paragraph.

   If Purchaser's loan application is approved, the financing contingency shall be satisfied. If the loan application and other documents are submitted timely and in good faith, yet Purchaser is not approved within thirty (30) days of the last submittal, Purchaser may rescind this Contract on five (5) days written notice to Seller from the date of lender disapproval. Any paid portion of the Purchase Price shall be refunded to Purchaser, without interest, and this Contract shall be void.

5. Agreements.
   (a) The Seller agrees to provide roads, sewer, and water services to the Property at its sole expense as outlined in the HUD Property Report dated February 19, 1998, which is incorporated herein. Otherwise, the parties agree:
   (b) that the Property has been inspected by Purchaser and is being sold in "as is" condition, and that Seller has made no commitments, nor accepted any obligations respecting the Property or Kiawah Island other than those stated herein and in the HUD Report;
   (c) that Seller has made no pledges, representations, covenants, or commitments in regard to any aspect of Kiawah Island which have brought about (or on which Purchaser has relied with respect to) the purchase of the Property except such as appear in this contract, the Covenants, the HUD Report, and the Plat;
   (d) Seller is not responsible for natural erosion of any property. Purchaser agrees to pay all assessments applicable to the Property as provided in the Covenants and described in the HUD Report, as the same are amended from time to time.
   (e) Purchaser agrees for himself and his successors in title, to pay a Building Incentive Fee to Seller (currently $40.00 per quarter) until a building permit has been issued on the Property by the Kiawah Island Architectural Review Board.

6. The Property shall also be conveyed subject to:
   (a) All covenants, restrictions, conditions, easements, rights, reservations, limitations, limitations on use, Architectural Review Board approvals, and affirmative obligations to pay all charges as set forth in the covenants, restrictions, and plats applicable to the Property and recorded in the R.M.C. Office for Charleston County, South Carolina (collectively, the "Covenants"). Receipt is acknowledged by Purchaser of a copy of the Covenants and Purchaser agrees to comply with same. Purchaser understands and agrees that the Architectural Review Board reserves the right to adjust all building setback lines for the Property and/or any lot on the Plat.
   (b) Purchaser acknowledges and agrees that the Property is subject to federal and state stormwater management laws and regulations that are currently administered by the Office of Ocean and Coastal Resource Management ("OCRM") of the South Carolina Department of Health and Environmental Control ("DHEC"). Accordingly, Purchaser's deed of conveyance shall contain an acknowledgment and agreement (i) that the Property is subject to federal and state stormwater management laws and regulations that are currently being administered by DHEC-OCRM; (ii) to abide by these laws and regulations, and upon the request of KRA, L.P., or its successors and assigns, complete any paperwork necessary to document said assumption of responsibility for compliance with such applicable federal and state stormwater management laws and regulations for the Property; and (iii) to hold harmless and indemnify KRA, L.P., its successors and

Exhibit P



THOMAS & HUTTON ENGINEERING CO.
935 HOUSTON NORTHCUTT BOULEVARD • SUITE 100
POST OFFICE BOX 1522
MOUNT PLEASANT, SOUTH CAROLINA 29465-1522
TELEPHONE (843) 849-0200
FAX (843) 849-0203

September 9, 1998

Ms. Becky Dennis
KIAWAH ISLAND UTILITY, INC.
31 Sora Rail Road
Johns Island, SC 29455

Re: Asset Allocation

Dear Ms. Dennis:

Per your request, I have reviewed the depreciation schedule to be used in your upcoming rate application and agree with your assignment of assets by category.

Our firm, Thomas & Hutton Engineering Co., has been involved in the design and construction of the water and sewer systems on Kiawah Island since inception. We are intimately familiar with the system and concur with the breakdown of assets according to their specific use: water, sewer, golf well, golf effluent, golf potable and general. We believe that this allocation is correct and accurate.

If I can be of further assistance in this matter, please do not hesitate to call me.

Sincerely,

THOMAS & HUTTON ENGINEERING CO.

J. Mitchell Bohannon, III, P.E.

JMB/jed

Exhibit Q

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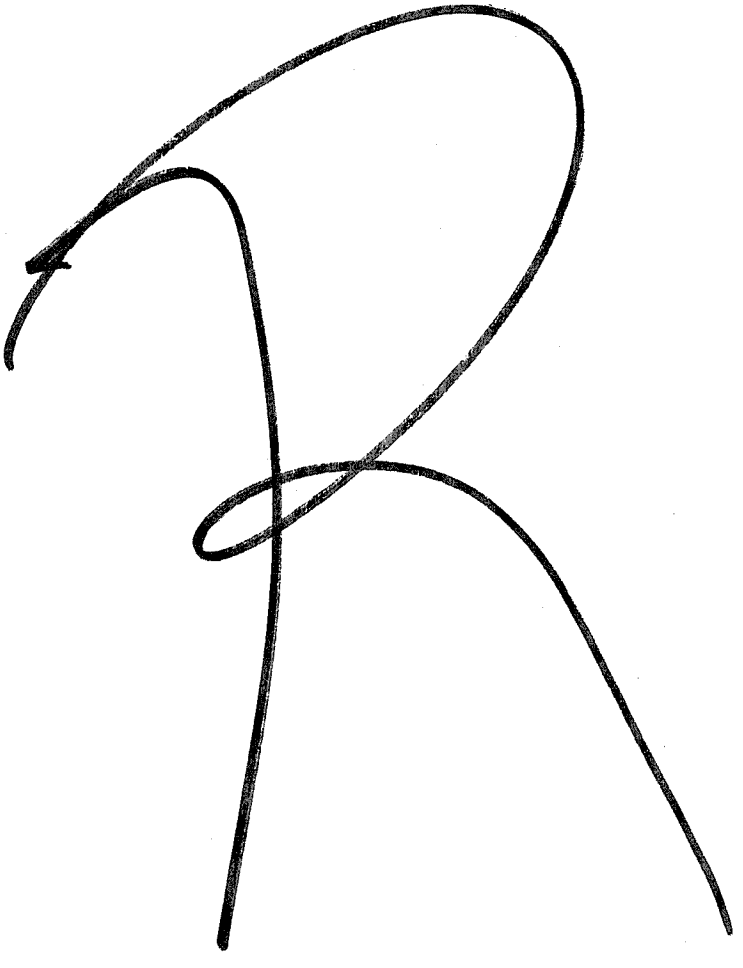

KIAWAH ISLAND UTILITY, INC.
Number of Present and Expected Customers

Customer Count:

End of 1997

Water	2,916
Sewer	2,548

End of July 1998

Water	2,985
Sewer	2,582

Customer growth Jan. – July 1998:	69
Customer growth in 1997:	117
Customer growth in 1996:	103
Customer growth in 1995:	95

Exhibit R